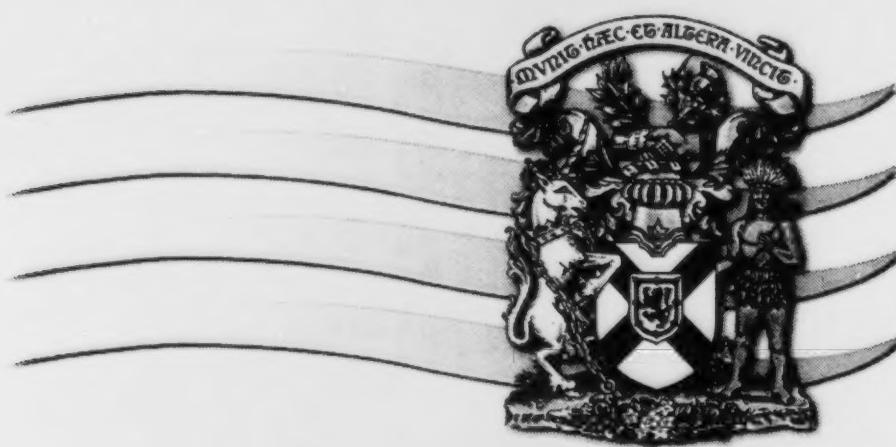


Crown Corporation BUSINESS PLANS



for the fiscal year 2000-01
PROVINCE OF NOVA SCOTIA

PRINTED BY ORDER OF THE HOUSE OF ASSEMBLY

SUBMITTED BY
THE HONOURABLE NEIL J. LEBLANC
MINISTER OF FINANCE

© Crown copyright, Province of
Nova Scotia, 2000

Designed and published by
Communications Nova Scotia

ISBN: 0-88871-506-4

Crown Corporation Business Plans

Crown corporation business plans are printed under authority of Section 73 of the Provincial Finance Act:

- 73** *Commencing April 1, 1997, a crown corporation shall annually*
- (a) *submit to the House of Assembly for approval during consideration of the Estimates its business plan and any proposed public financing; and*
 - (b) *table in the House of Assembly audited financial statements for the preceding fiscal year*

The public presentation, annually, of Crown corporation business plans will increase the accountability to the House of Assembly of organizations generally accepted to be in the public sector but outside the direct control of government. Business plans define key elements of Crown corporations such as their mission, strategic goals, and core functions as well as give indication of performance, priorities, outcome measures, and budgets.

Organizations included in this volume are designated as Crown corporations by their enabling legislation, by Order in Council, or by application of the criteria established under Section 70 (Crown Corporations) of the Provincial Finance Act.

The approval of business plans as required by clause (a) will be sought through the Estimates Resolutions. Compliance with clause (b) will be achieved throughout the fiscal year as audited financial statements become available.



Crown Corporation Business Plans

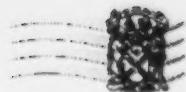


Contents

Art Gallery of Nova Scotia .....	.5
Bedford Waterfront Development Corporation Limited .....	.21
Halifax-Dartmouth Bridge Commission .....	.35
Halifax-Dartmouth Port Development Commission .....	.47
InNOVAcorp .....	.49
Novaco Limited .....	.61
Nova Scotia Arts Council .....	.63
Nova Scotia Beef Commission .....	.73
Nova Scotia Business Development Corporation .....	.79
Nova Scotia Crop and Livestock Insurance Commission .....	.87
Nova Scotia Farm Loan Board .....	.95
Nova Scotia Film Development Corporation .....	.109
Nova Scotia Fisheries and Aquaculture Loan Board .....	.119
Nova Scotia Gaming Corporation .....	.127
Nova Scotia Government Fund Limited .....	.147
Nova Scotia Harness Racing Incorporated .....	.153
Nova Scotia Housing Development Corporation .....	.155
Nova Scotia Liquor Commission .....	.161
Nova Scotia Municipal Finance Corporation .....	.189
Nova Scotia Power Finance Corporation .....	.201
Nova Scotia Resources Limited .....	.207
Rockingham Terminal Inc. ....	.217
Sydney Environmental Resources Limited .....	.223
Sydney Steel Corporation .....	.233
Tidal Power Corporation .....	.235
Trade Center Limited. ....	.237
Waterfront Development Corporation Limited .....	.251



Crown Corporation Business Plans



Art Gallery of Nova Scotia

Business Plan 2000–01

Contents

Introduction .....	.7
Governance, Management, and Staffing .....	.7
High-Level Business Functions .....	.8
Current Planning Environment .....	.8
Mission .....	.9
Strategic Goals .....	.9
Core Business Functions .....	.10
Priorities for 2000–01 .....	.11
New Programs .....	.12
Linkages and Partnerships .....	.13
Outcomes and Outcome Measures .....	.14
Communications .....	.17
Human Resources .....	.18
Information Technology .....	.18
Financial Services .....	.18
Budget .....	.19

Introduction

The Art Gallery of Nova Scotia (AGNS) is the only public art museum in the province. The gallery is an agency of the Province of Nova Scotia for the acquisition, preservation, and exhibition of works of art, holding them in trust for the people of Nova Scotia, and for providing education in the visual arts. Its purpose is to set a standard that presents the province and its people as major contributors to the cultural growth of the country as well as the province. The gallery strives to offer a balanced program, addressing the needs and interests of a variety of community constituencies.

The gallery is in a unique position to bring people in contact with original art objects and to create an environment of lifelong learning in and about the visual arts, Nova Scotia's cultural history, and the ideas, issues, and concerns that make the arts a central element in the well-being of a society and its people. While the gallery has no competitors for its core function, it is in competition with various arts, leisure, and not-for-profit organizations both for users and for funding support. The gallery is sensitive to its public image and the attributes that are expected from its current and

potential customers; therefore the gallery must continually strive to provide quality exhibitions, programs, and services.

Governance, Management, and Staffing

The Art Gallery of Nova Scotia, as an agency of the province, is responsible to the Department of Tourism and Culture. The gallery is overseen by a Board of Governors and employs a full-time staff of 21 and part-time staff of approximately two, serving all parts of the operation from curatorial to data entry functions. Sessional program instructors (approximately 22 per year) are employed on contract, per course basis. Security staff number 10, with occasional part-time assistance for special events. The Director reports to the Board of Governors, and five section heads report to the Director.

Some 225 volunteers assist gallery staff in functions that range from board membership, to fundraising, special events, gallery shop, art sales and rental, information desk, membership, and giving tours.

High-Level Core Business Functions

The AGNS operates the provincial art gallery to global art museum standards. It has the responsibility of connecting people throughout the province with their visual and cultural heritage and current activities in the arts. The AGNS holds its collection in trust for Nova Scotians and is an institution that stimulates lifelong learning in visual arts and culture, through the collection and preservation of art and the offering of information and ideas through exhibitions, programs, and services.

Current Planning Environment

The Art Gallery of Nova Scotia manages several funds for continued enhancement of the organization and the programs it offers to the general public. AGNS raises from grants, private donors, corporations, and members 100 per cent of all monies used for the purchases of artworks. These monies are managed and accounted for through the Acquisition Fund. AGNS also has an established Endowment Fund, which represents donations for the long-term benefit of the institution. Many of these donations have been received with the donor specifying restricted use; this limits the gallery to using only the earned income from investments. Dependence on market performance dictates the value of earned income in any given year.

Budget Allotments

The high-level budget allotments are as follows:

Operational Area	Allocation
Operations and physical plant	\$1,061,500
Exhibitions and public programs delivery	\$ 510,200
Collection management and conservation	\$ 270,900
Development and marketing initiatives	\$ 275,000
Total	\$2,117,600

Major Challenges

- To meet external and internal expectations for increased programming (exhibitions; public programs; publications; collection care, maintenance, and development), including the opening and operation of the Western Branch of the Art Gallery of Nova Scotia in Yarmouth.
- To provide the level of care required for the Crown's assets (the collection) with diminishing resources.
- To deliver the planned level of execution of programs without compromising the professional integrity of museum practice and program quality.
- To increase the level of funding from the public, private, and corporate community to meet the goals of the organization.
- To increase the usage and awareness of the gallery and the visual arts and to develop new audiences.

Mission

*To serve the public
by bringing the visual arts and people
together in an environment which
encourages exploration,
dialogue, and enjoyment.*

*This will be achieved by providing
leadership in the development
and preservation of quality
collections, exhibitions, and
education and public programs.*

Strategic Goals

Goal 1

- To contribute to the economic growth of the province through raising the profile of the gallery as a premier tourist destination promoting Nova Scotia's rich visual and cultural heritage. To reach this goal the AGNS must increase its partnership with the tourist sector and local area business.

Goal 2

- To improve the effectiveness of the organization through training, teamwork, and the application of appropriate technologies.

Goal 3

- To contribute to a healthy society by reflecting the cultural diversity of the province in programs and services.

Goal 4

- To continue to provide accessible experiences in the arts, which help individuals, develop awareness and self-esteem through lifelong learning and activity in the visual arts, and to increase the number of users of AGNS programs and services.

Goal 5

- To prepare for the opening of the Western Branch of the Art Gallery of Nova Scotia in Yarmouth in the spring of 2001.

Goal 6

- To increase the gallery's ability to provide greater access to the collection and information and documentation about it.

Goal 7

- To increase the level of all funding sources of the gallery—government (provincial and federal, through grants), corporate, private, and earned revenue from products and services.

Core Business Functions

- To acquire, conserve, maintain, and exhibit the permanent collection in trust for the people of Nova Scotia. The collection is guided by an acquisition policy and a committee of internal and external members. Care of the collection, documentation, maintenance of records, and research pertaining to the art are core responsibilities of the gallery to its clients and the people of Nova Scotia.
- To provide temporary exhibitions (both from the collection and gathered from external sources) that explore the breadth and depth of visual arts in our times and times passed, through extensively researched publications, presentation, and animation of the topic. Some exhibitions travel to provincial, regional, national, and international sites.
- To provide art education for learners of all ages and at all levels of expertise through publications, in-gallery information (labels and brochures), public programs, school programs, and programs for children and families. The gallery provides a unique environment for learning about art, as it can provide contact with original artworks (not reproductions) in a wide variety of

forms. The gallery works in partnership with individuals and community groups, schools, teachers, and artists to provide experiences with art.

- To further develop a diversified funding base appropriate for carrying out the mandate and mission of a vital provincial institution that meets the needs and expectations of the people of Nova Scotia.
- To provide a resource for information on Nova Scotian artists and to play a significant role in the development of cultural industries.

Priorities for 2000–01

The following initiatives will be undertaken by the AGNS to realize its goals and respond to new challenges:

- The AGNS will be increasing its partnerships with tourist and business development organizations in order to promote the gallery as a primary tourist destination and one that will bring business to the downtown area and throughout the province. The gallery will also be designing promotional publications for wide distribution that promote the gallery as a tourist destination.
 - The gallery will plan for the Western Branch of the Art Gallery of Nova Scotia
- in Yarmouth. This gallery will add to the cultural and tourist attractions of Western Nova Scotia, contributing to economic growth through tourism as well as service to the community.
- In order to address organizational effectiveness, the gallery will be developing and initiating a program of staff training that addresses staff understanding of the specific nature of museum operations, efficient use of available technologies, and group development.
 - The gallery will be continuing its initiatives to engage curators representing minority groups both in advisory capacities and as developers of exhibitions. In 2000–01 the gallery will be in the second year of a two-year First Nations curatorial residency program and will be mounting an exhibition of work by African–Nova Scotian women artists, curated by a Black, female curator. The gallery will also be continuing its efforts to include Black students in programs. In partnership with the Mount Saint Vincent University Art Gallery, the gallery will be touring an exhibition by a Black artist to centres throughout the province.
 - The gallery will be adding images to the collections database and working on strategies to make the database accessible to visitors, both real and virtual. The data contained by the collections records will also be increased.

- The gallery will be aggressively pursuing increased corporate and private sponsorship for programs and projects in order to both maintain and increase the scope and quality of exhibitions, programs, and projects.

New Programs

Planning for the Western Branch of the Art Gallery of Nova Scotia in Yarmouth

The Western Branch of the Art Gallery of Nova Scotia in Yarmouth has been in the planning stages since 1994 and is in line with the gallery's theme of "reaching out." The Western Branch Gallery is planned to open in the spring of 2001. When the project is complete, the gallery will house both temporary and permanent collection galleries, interactive and educational facilities, along with preparation, art storage, offices, a gallery shop, and ancillary spaces. The building, constructed in 1913, will be restored and with the addition of an annex will provide a facility of approximately 11,000 sq. ft total floor area. The architectural concept is based on the preservation of the original classical-style bank building with an adjacent courtyard.

The staff component for the Western Branch consists of a curator/director,

secretary, preparator, gallery shop manager, and casual help. The operating budget requirement for 2001-02 is approximately \$250,000. The capital campaign for the project will continue into 2001 with a goal of \$2.6 million.

The Western Branch of the AGNS will provide opportunities for artists, art education for students of all ages, and development of cultural industries throughout southwestern Nova Scotia.

NSCAD ARCHIVE

This project presupposes that a significant collection reflecting and documenting the spirit and status of NSCAD is long overdue and that the Art Gallery of Nova Scotia is its rightful home. During Garry Neill Kennedy's tenure at the college, emphasis on a rigorous practice in conceptual and process-based art making brought together a wide range of highly competent resident and visiting faculty in a variety of disciplines including studio, art history, crafts, graphic and environmental design, and art education. This activity will be recognized by the NSCAD ARCHIVE and will be a valuable resource to students, collectors, art teachers, and researchers.

The NSCAD ARCHIVE will be located on the fourth floor of Gallery North of the Art

Gallery of Nova Scotia. The construction of the facility, with the support of private and corporate donors, will take place in the spring of 2000 and will open to the public in the summer of 2000. An operational plan has been developed and includes direct participation/partnership with the Nova Scotia College of Art and Design.

The NSCAD *ARCHIVE* will bring acclaim to our community by assuring us an important place in the documentation of Canada's national artistic heritage.

Linkages and Partnerships

The climate in which museums and art galleries find themselves has changed dramatically. The success of a modern art gallery is very dependent on its ability to demonstrate partnerships with other organizations and to achieve more self-sufficiency. To operate a public institution, the AGNS needs to continue to position itself in the development of partnership and linkages to

- partner with other public galleries across Canada and with the National Gallery of Canada on research, exhibition and art education, production, and circulation

- form partnerships with the network of galleries and museums across Nova Scotia
- form partnerships with corporate and individual sponsors to enhance exhibitions and programs
- join with tourism agencies and other marketing agencies to promote the province and its many cultural assets
- generally work with all arts organizations and the Nova Scotia Cultural Network to enhance the cultural life of the province
- market the gallery as a home for community events and activities, thereby forming linkages with a wider community and introducing new audiences to the Art Gallery of Nova Scotia.
- the public and private education sectors at all grade levels

Outcomes and Outcome Measures

Goal 1 ▶ Contribute to economic growth

Outcome	Indicator	Measure	Actual	Target	Comments
• Raise gallery profile as key tourist destination	• Volume of visitors to city/province requesting information about gallery	• Number of inquiries	• Unknown	• 10% increase	These figures would come from Department of Tourism and Culture statistics.
• Increased program users	• Attendance	• Numbers of visitors, program users	• 126,000	• 140,000	
• Increased product and user revenues	• Sales and admissions income increase				

Goal 2 ▶ Improve organization effectiveness

Outcome	Indicator	Measure	Actual	Target	Comments
• Training to increase staff knowledge and skills	• Increased efficiency and job satisfaction				Primary goals here are program registration, room bookings, and visitor statistics. System efficiency and increased access to collection records.
• Apply appropriate technologies to tasks	• Fewer errors and duplications of records	• Numbers of complaints, errors			
	• More staff access to information	• Access rate of records			
• Improve effectiveness of records management	• Reduction in amount of paper files in current and stored files				

Goal 3 ► Reflecting cultural diversity in programs and service

Outcome	Indicator	Measure	Actual	Target	Comments
• Increase relevance of the gallery to citizens and visitors of diverse cultures	<ul style="list-style-type: none"> Increased contribution of people of cultural minorities to gallery programs as staff, volunteers, contractors Increased number of visitors and program users from visible minorities and minority cultural groups Increased number of exhibitions that feature work by artists of minority cultural groups 	<ul style="list-style-type: none"> Number of FTEs Number of users Number of exhibitions Number of individual works in exhibitions and collection 	<ul style="list-style-type: none"> 1 FTE on two-year term funded by Canada Council Statistics not kept 1 (First Nations) 5% 	<ul style="list-style-type: none"> Also involve a Black Canadian curator Begin to keep statistics 1 First Nations 1 Black Canadian 	

Goal 4 ► Accessibility to art and development of lifelong learning

Outcome	Indicator	Measure	Actual	Target	Comments
• Increased valuing of art and activity of art for all ages	<ul style="list-style-type: none"> Increased program use (particularly adult) Increased general visitors Keep programs free and/or very low cost 	<ul style="list-style-type: none"> Number of participants Number of visitors Fee structure 			

Goal 5 ► Plan for the opening of the Western Branch

Outcome	Indicator	Measure	Actual	Target	Comments
• Active facility in Yarmouth					<ul style="list-style-type: none"> Number of visitors Amount of self-generated revenue

Goal 6 ► Accessibility to collection information

Outcome	Indicator	Measure	Actual	Target	Comments
• Increased understanding of collection	<ul style="list-style-type: none"> More complete digital and paper records Easier access of information by both staff and external clients Increase in information available in exhibitions i.e., extended label text 	<ul style="list-style-type: none"> % of number of record increase Number of inquiries successfully responded to Number of inquiries and searches carried out by internal and external client rather than relevant staff Number of labels as % of works on exhibition 			

Goal 7 ► Increase number of users

Outcome	Indicator	Measure	Actual	Target	Comments
• Increased access to knowledge and information	Visitor numbers	<ul style="list-style-type: none"> Number of casual visitors Number of program users 	• 94,000 • 19,000		<ul style="list-style-type: none"> • 10% increase • 10% increase

Goal 8 ► Increase funding levels

Outcome	Indicator	Measure	Actual	Target	Comments
• Increased ability to fulfill mission and mandate	Increase in sources and levels of funding per source				<ul style="list-style-type: none"> Amount of provincial allotment Amount of federal grant programs Amount of other grants Amount sponsorship Amount of user fees Amount of earned revenue (shop, space rentals, services)

Communications

<i>Key Messages</i>	<i>Intended Audience</i>
<ul style="list-style-type: none">• The AGNS is a great destination for visitors to Nova Scotia to experience our culture.	<ul style="list-style-type: none">• Tourists from outside the province as well as within.
<ul style="list-style-type: none">• The AGNS is a well run, efficient, and effective organization.	<ul style="list-style-type: none">• Other galleries and museums with whom we partner; other government departments; donors and sponsors; artists.
<ul style="list-style-type: none">• The AGNS actively engages Nova Scotians of diverse cultural backgrounds.	<ul style="list-style-type: none">• Members of minority cultures; other government departments; teachers and students; program users and potential visitors; artists of diverse ethnic backgrounds.
<ul style="list-style-type: none">• The AGNS makes learning about art un-intimidating and interesting for everyone.	<ul style="list-style-type: none">• Lifelong learners; potential program users of all ages; general visitors; artists; students.
<ul style="list-style-type: none">• The AGNS is not just a Halifax gallery.	<ul style="list-style-type: none">• Nova Scotians throughout the province who see our traveling exhibitions, and citizens and tourists who are potential users of the Western Branch of the AGNS in Yarmouth; artists throughout the province.
<ul style="list-style-type: none">• The AGNS shares the information it has acquired about art in the collection.	<ul style="list-style-type: none">• Researchers and curators from other institutions and academia; artists; the general public; people who may never visit the AGNS but are interested in the collection.
<ul style="list-style-type: none">• The AGNS delivers high-quality programs and services in a fiscally responsible manner, through a diversified funding profile.	<ul style="list-style-type: none">• Government; donors and sponsors; granting agencies; artists.

Human Resources

- To develop a strategy for the needed increase in staff.
- To provide professional development opportunities for staff.
- To continue in-house training program for volunteers.
- To complete Occupational Health and Safety manual update.
- To institute a staff rewards and recognition program.
- To continue working to provide a healthy, safe, productive environment.

Information Technology

The Collections Management system has been installed and basic records entered. The entry of digital images to the records is in progress. The system is scheduled for upgrade to a more powerful system with more records capability and the possibility of Internet and kiosk access to records.

The major need for technological support is a system that integrates course registration, tour bookings, space bookings, and visitor records and demography and pro-

duces the relevant statistics and forms. This is an urgent need with our current level of activity.

Staff training for all employed technologies is a priority.

Financial Services

- To upgrade the financial system to provide more comprehensive reports.
- To provide financial statements within 10 working days after month end.
- To improve monthly cash flow projections.
- To analyse revenues and expenditures and make recommendations for improvement.

Budget

Operating Budget

Revenue

Years 2000 to 2003

<i>Revenue</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>
Allotment	\$1,102,900	\$ 992,600	\$ 992,600
Admissions	45,000	50,000	50,000
Catalogue sales	5,000	5,000	5,000
Programming recoveries	45,000	48,000	50,000
Membership	40,000	46,000	53,000
Direct mail	65,000	75,000	85,000
Special events	80,000	105,000	125,000
Sponsorship	425,000	425,000	425,000
Advertising	8,000	8,000	8,000
Rent shop, café, ASR	45,000	45,000	45,000
Business development	25,000	26,000	27,000
Interest	9,000	9,000	9,000
Gallery services	500	500	500
Endowment contribution	215,000	250,000	215,000
Insurance acquisition contribution	5,000	5,000	5,000
Grants	175,000	200,000	200,000
Miscellaneous income	15,000	15,000	15,000
Total Revenue	2,305,400	2,305,100	2,310,100

Operating Budget

Expenditures Years 2000 to 2003

Expenditures	2000-01	2001-02	2002-03
Salaries & benefits	\$ 850,000	\$ 850,000	\$ 850,000
Printing & publications	20,000	20,000	20,000
Professional fees	20,000	20,000	20,000
Travel	35,000	35,000	35,000
Stationary, postage	55,000	55,000	55,000
Staff development & training	5,000	5,000	5,000
Telephone	38,000	38,000	38,000
Delivery & shipping	2,500	2,500	2,500
Admin promotional	4,500	4,500	4,500
Memberships—professional	5,000	5,000	5,000
Equipment rental & maintenance	17,500	17,500	17,500
Security	177,000	177,000	177,000
Insurance	35,000	35,000	35,000
Utilities	300,000	300,000	300,000
Building maintenance & cleaning	50,000	50,000	50,000
Climate control—Honeywell	125,000	125,000	125,000
Elevator maintenance	15,200	15,200	15,200
Development/public relations	100,000	100,000	100,000
Programming/education	300,000	300,000	300,000
Outreach	100,000	100,000	100,000
Permanent collection	5,000	5,000	5,000
Vehicle	7,000	7,000	7,000
Collection management	6,000	6,000	6,000
Conservation lab	5,000	5,000	5,000
Workshop supplies	15,000	15,000	15,000
Technology	5,000	5,000	10,000
Miscellaneous	3,500	3,500	3,500
Bank/Visa charges	3,500	3,500	3,500
Total Expenditures	\$2,304,700	\$2,304,700	\$2,309,700
Surplus/Shortfall	\$ 700	\$ 400	\$ 400

Crown Corporation Business Plans



Bedford Waterfront Development Corporation Limited

Business Plan 2000–01

Contents

Introduction	23
Vision	24
Mission	25
Strategic Goals and Objectives	25
Communications Plan	26
Financials	28
Financial History	28
Financial Projections	28
Annex A: Financial Statements and Projections	29
Operating Statement and Budget	29
Capital Expenditures and Funding 2000–03	30
Capital funding for South Jetty and Marina Development	32
Debenture Repayment 2000–03	33

Introduction

The Bedford Waterfront Development Corporation Limited (BWDC) is a provincial Crown corporation formed in March 1999. The BWDC strives for the highest quality of urban design through coordinating, owning, developing, maintaining, controlling, managing, selling, leasing, or otherwise dealing with any lands, premises, or undertaking relating to waterfront development around the Bedford Basin.

Corporation History

The Bedford Waterfront Development Corporation (BWDC) was formed in 1988 to oversee dredging in the area where the Sackville River empties into the Bedford Basin. To accommodate the removed sediment, a containment and berm system was constructed adjacent to the existing sewage treatment plant, creating 24 acres (9.7 ha) of land. The BWDC managed the project using funding provided from federal, provincial, and municipal grants and bank financing.

Twelve (4.9 ha) of the 24 acres (9.7 ha) were deeded back to the local authorities for the development of parkland. The remaining 12 acres (4.9 ha) were divided into lots for commercial and residential

development. Sale of the lots began in 1993 and was completed by November 1999.

As a result of changes in provincial government legislation, the BWDC was dissolved and the Bedford Waterfront Development Corporation Limited (BWDC) was incorporated in March 1999 as a provincial Crown corporation.

Location

All building sites and current potential services are located in the northwest corner of Bedford Basin with road access from the Bedford Highway via Convoy Run.

The business address of the BWDC is 1751 Lower Water Street, The Cable Wharf, Halifax NS B3J 1S5.

Ownership

Via the creation of the BWDC, 100,000 shares of common stock were authorized by the Province of Nova Scotia. As of March 2000, three shares are outstanding and have been allocated to the Province of Nova Scotia. They are currently held by the Deputy Minister of the Department of Economic Development

Management

The Memorandum of Association and the Articles of Association vest the management of the BWDCL in an appointed Board of Directors. The maximum number of directors is nine, including one director who is designated as the president.

The Board of Directors operates as a management team and is responsible for the day-to-day operation of the BWDCL, long-term planning, and implementation of approved projects. Current board members have been drawn from diverse professional and business fields.

As required, the Board of Directors and/or the President of the Board seek professional advice and opinion to augment the board's deliberations. The Board of Directors meets on an "as-required" basis to oversee the operations of the BWDCL. In addition to attending meetings, each board member is assigned responsibilities for specific areas of the operation of the BWDCL.

Regulations

Operating as a provincial Crown corporation, the BWDCL falls under various provincial regulations such as the Companies Act, the Industrial

Development Act, and the Provincial Finance Act. The creation and sale of land is regulated by federal, provincial, and municipal authorities. The BWDCL has obtained all required federal and provincial permits, licences, and bonds required to operate the corporation. As part of the Order in Council establishing the Corporation, all contracts are to be approved by the Department of Justice.

Vision

Operate the Bedford Waterfront Development Corporation Limited (BWDCL) in a competent, professional manner while meeting the goals of the corporation and the mandate of redeveloping and revitalizing the Bedford Basin Waterfront.

The BWDCL's vision is to enhance the community's appeal as a desirable place in which to live, to invest and to visit by providing public access and use of lands adjacent to the Bedford Basin.

Mission

"To develop the waterfront around the Bedford Basin for the benefit of the public, working in partnership with the private sector and public agencies."

Strategic Goals and Objectives

Objectives

The near-term (within 12 months) objectives are to finish the sale of current development sites, develop a marina capability, complete current projects, and start the land filling from the South Jetty to around Crosby Island necessary for Phase 2 development.

The medium-term (12 to 36 months) objectives are to complete the marina development and complete the in-filling from the South Jetty around Crosby Island necessary for the Phase 2 development. Approximately 30 acres (12 ha) of land

will be created, a portion of which will be sold to private interests for residential and commercial development.

If desired, and based on the success of the near- and medium-term objectives, the long-term (greater than 36 months) objective is to acquire additional waterfront properties and water lots on the western side of the Bedford Basin to enable the generation of more land for public access and use. However, an option at that time may be to wind up BWDCL, since it will have accomplished its original goals. This should be addressed in 2001.

Strategic Goals

The near-term goals of BWDCL are

Goal 1

Monitor the progressive sale of sites 3.2 and 4.5.

Goal 2

Continue the land in-fill of the western side of the Bedford Basin along the waterfront on an opportunity basis, using pyritic slate.

Goal 3

Complete the filling of the caissons that make up Convoy Quay and the South Jetty with dredge material.

Goal 4

Complete the obligations of the contract development agreement between HRM and the BWDCL (boat ramp and marina).

Goal 5

Complete the accoutrements for Convoy Quay: lights, power, water, and lighthouse.

Goal 6

Begin the development of a marina facility.

The medium-term goals of BWDCL are

Goal 7

Complete the development of the marina facility.

Goal 8

Complete Phase 2 of the overall development by a joint venture arrangement or through expropriation of private land. The objective of Phase 2 will be refined through public participation meetings and economic analysis.

Goal 9

Complete the capping of the South Jetty.

The long-term goal of the BWDCL is to continue to develop public access along the western side of Bedford Basin by lease or purchase of water lots from the Halifax Port Authority and other land owners. Access will be in the form of walkways, pathways, bicycle ways, and if the area

allows, additional commercial and residential development.

Communications Plan

The following objectives will guide advertising and promotions:

- Position BWDCL as the leading service provider for in-fill materials.
- Coordinate sales literature and demonstration materials with the sales efforts for the commercial and retail space.
- Establish an image of BWDCL as an organization that is professional, reliable, and positioned in the market for quality marina services.
- Develop an advertising campaign built around quality of life and quality of product themes, emphasizing the location of the products, residential, commercial, and marina service. The ad campaign will be economical, focused, and coordinated with on-site developers.

BWDCL recognizes that the marina facility, at this time, requires extensive promotion. This must be done aggressively in a manner focused to the local market. The method to access this market is well known for the local area. BWDCL will advertise in the local boating news, stores, and boatyards as a method of generating

interest in the marina facilities and will establish a marina website available throughout North America.

Advertising Campaign

The BWDCL will continue to participate in local boat shows in concert with the manufacturer of the marina. A scale model has been built, which shows how the North Jetty and the marina will look after development. This display will be shown in numerous public locations to generate feedback and public input. Additional meetings will be held with the public to generate interest in the Phase 2 part of the project.

Public Relations

Publicity efforts are intended to accomplish the following:

- Promote BWDCL as a supplier of quality public facilities, such as the public marina, the walkway, and the parkland area.
- Create public discussion regarding the future development phases, including the long-term goal of a walkway all the way to the China Town restaurant, and cultural and potential recreational infrastructure.

Publicity Strategy

In 2000-01, BWDCL will focus on the following publicity strategies:

- Update the company backgrounder on BWDCL to be used as the primary public relations tool for all target media editorial content. This will also be effective for inclusion in press kits, dealer kits, and sales packages. The backgrounder would include sections on the following broad subjects:
 - the company
 - history
 - management philosophy
 - achievements
 - products and services
 - market niches
- Produce a website of high quality, which will include text material drawn from the backgrounder. Content will be updated every two months and feature current activities and link to other marina websites in North America.

Financials

Financial History

The federal government, the provincial government, and the Town of Bedford have invested \$10.6 million from 1989 to 1995. The remainder of the investment was capitalized as a debenture with a value of \$12.4 million. Sale of land has occurred since 1993, netting over \$1.62 million. The parklands and public lands conveyed to the Town of Bedford were valued at \$6.78 million. The debenture has been adjusted for these transactions and currently has a balance remaining of \$3.56 million. The debenture's current balance will be repaid as payments are received on the sale of existing land or when anticipated recoveries exceed expenditures. The province has continued to provide operating funds in the amount of \$150,000 to \$170,000 per year for the operation of the BWDCL.

Financial Projections

Annex A shows the following financial statements for the corporation

- Operating Statement and Budget, 1999–2003
- Capital Expenditures and Funding, 2000–03
- Debenture Repayment, 1999–2003

These exhibits present BWDCL estimates to achieve the stated goals and objectives supporting its mission and vision. Assumptions used in the projections reflect a conservative approach to potential revenues and expenditures.

Annex A

Financial Statements and Projections

Operating Statement and Budget

Current Operating Budget and Three-Year Forecast

	<i>Fiscal year ending March 31,</i>			
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Insurance				
Director's liability insurance	\$3,500	\$3,500	\$3,500	\$3,500
Property liability insurance	1,600	1,600	2,000	2,000
Telephone	1,200	1,200	1,200	1,200
Office rent, Halifax port office	4,000	2,000	2,000	2,000
Delivery costs	200	200	200	200
Office supplies	1,000	1,000	1,000	1,000
Accounting fees	8,100	8,000	8,000	8,000
Secretarial support	2,000	2,000	3,000	3,500
Legal expenses				
General	25,000	15,000	15,000	15,000
Special projects	50,000	30,000	0	0
CN rail lease	200	200	200	200
Lease for jetty land	0	0	0	0
Marketing expenses				
Jetty opening	16,000			
Meeting costs	5,000	5,000	5,000	5,000
Site advertising	0	0	5,000	5,000
Proposal preparation	5,000	5,000	0	0
Land improvement & maintenance				
Lot 3.2	0	14,000	10,000	0
Lot 4.5	0	1,100	0	0
Directors fees				
Regular meetings	12,000	12,000	15,000	15,000
Extra meetings	40,000	30,000	20,000	20,000
Caisson maintenance	3,500	3,000	1,000	0
Miscellaneous	3,000	3,200	3,400	3,900
Depreciation	2,500	2,000	2,000	
Total operating	\$183,800	\$140,000	\$97,500	\$85,500
Funding from				
Nova Scotia Government	\$(165,000)	\$(140,000)	\$(97,500)	\$(85,500)
Balance from project revenue	\$18,800	\$0	\$0	\$0

Capital Expenditures and Funding, 2000–03

Capital Budget: Three-Year Forecast

	<i>Fiscal year ending March 31,</i>			
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Capital Projects Budgeted Costs				
North Jetty (545 ft/165 m)				
1. Balance of cement deck	80,000			
2. Lighting & wiring	75,000			
3. Deck benches, planters, lifesaving equipment	3,000	2,000		
4. Miniature lighthouse (tourist/ice-cream kiosk)		40,000	35,000	
5. Interior jetty floats (4–30-ft/1.2–9-m floats)		30,000		
6. Walkway to jetty & cope wall (500 ft/152 m)	50,000			
North Jetty Total Budgeted Costs	\$208,000	\$72,000	\$35,000	\$0
Marina (pleasure boats maximum capacity 250 boats)				
1. Boat floats for rent to adjacent businesses—20 slips		137,400		
2. Boat floats for rent to general public—20 slips		137,400		
3. Electrical, water, cable & Internet services to floats		13,000		
4. Security gates, ramps & related float pad to boats		12,200		
5. Boat floats for rent to general public—50 slips/yr.			375,000	375,000
6. Annual marina operating costs		35,000	40,000	40,000
Marina Total Budgeted Costs	\$0	\$335,000	\$415,000	\$415,000
South Jetty (200 ft/60 m)				
1. Cement or timber deck	45,000	300,000		
2. Lighting & wiring				25,000
3. Lifesaving equipment		3,000		
4. Interior jetty floats (3–30-ft/0.9–9-m floats)		25,000		
South Jetty Total Budgeted Costs	\$45,000	\$328,000	\$0	\$25,000

Capital Expenditures and Funding, 2000–03

Capital Budget: Three-Year Forecast (continued)

	<i>Fiscal year ending March 31,</i>			
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
South Jetty Land Assembly Completion				
1 Walkways Parcel B (400 ft/120 m)		40,000		
2 Walkways Parcel C (400 ft/120 m)			80,000	
3 Waterfront road to South Jetty (1500 ft/460 m)				300,000
4 Waterfront roadway parking, lighting & curbs				150,000
5 In-fill of land adjacent to South Jetty	100,000	100,000	100,000	200,000
South Jetty Land Assembly				
Total Budgeted Costs	\$100,000	\$140,000	\$180,000	\$650,000
Funding transfer to operating account	18,800			
Total capital projects budgeted costs	\$371,800	\$875,000	\$630,000	\$1,090,000
Capital Projects Funding (See attached for details)				
1 North Jetty projects	(127,000)	(120,000)	(40,000)	(50,000)
2 Marina	0	(350,000)	(342,500)	(380,000)
3 South Jetty	(200,000)	(115,000)	(105,000)	(50,000)
4 South Jetty land assembly	0	(1,000,000)	(1,000,000)	(1,000,000)
Total Projected Capital Funding	(327,000)	(1,585,000)	(1,487,500)	(1,480,000)
Balance of capital projects unfunded (surplus)	44,800	(710,000)	(857,500)	(390,000)

Capital Funding for North and South Jetties and Marina Development
Capital Budget: Three-Year Forecast

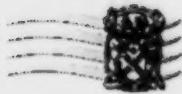
	<i>Fiscal year ending March 31,</i>			
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Capital Projects Budgeted Funding				
North Jetty (545 ft/165 m)				
1 Dredge materials	0	0		
2 Provincial reallocation of property sale for jetty	117,000			
3 Property sale adjustment for walkway		100,000		
4 Cruise line rentals		20,000	30,000	40,000
5 Advertising revenue	10,000			
6 Summer lease rental revenue, lighthouse kiosk			10,000	10,000
North Jetty Total Budgeted Revenue	\$127,000	\$120,000	\$40,000	\$50,000
Marina (pleasure boats maximum capacity 250 boats)				
1 Sale of long-term lease for pleasure boat slips		300,000	250,000	250,000
2 Sale of annual leases for pleasure boat slips		15,000	52,500	90,000
3 Annual marina maintenance & security		35,000	40,000	40,000
Marina Total Budgeted Revenue	\$0	\$350,000	\$342,500	\$380,000
South Jetty (200 ft/60 m)				
1 Pyritic slate landfill	200,000	80,000	80,000	
2 Dredge materials	0	35,000		
3 Marina long-term business lease			25,000	50,000
South Jetty Total Budgeted Revenue	\$200,000	\$115,000	\$105,000	\$50,000
South Jetty Land Assembly Completion				
1 Sale of assembled land		1,000,000	1,000,000	1,000,000
South Jetty Land Assembly Total Budgeted Revenue	\$0	\$1,000,000	\$1,000,000	\$1,000,000
Total capital projects funding	\$327,000	\$1,585,000	\$1,487,500	\$1,480,000

Debenture Repayment 2000-03

Province of Nova Scotia Debenture: Three-Year Forecast

	<i>Fiscal year ending March 31,</i>			
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Opening Balance—Beginning of Fiscal Year	\$3,562,081	\$2,614,081	\$1,256,081	(\$137,919)
Sale of properties & debenture payouts				
Site 3.B	(10,000)	(24,000)	(314,000)	
Site 3.2	(750,000)	(700,000)	(350,000)	
Site 3.2 prov/realloc proceeds for jetty completion	117,000			
Site 4.5	(95,000)	(655,000)	(750,000)	
Site 4.5 property sale adjustment for walkway	100,000			
Site 4.4A1YB2	(350,000)			
Legal fees and disbursements related to land sales	40,000	21,000	20,000	
Closing Balance—End of Fiscal Year (Surplus)	2,614,081	1,256,081	(137,919)	(137,919)

Crown Corporation Business Plans



Halifax–Dartmouth Bridge Commission

Business Plan 2000

Contents

Mission .....	.37
Strategic Goals .....	.37
Core Business Functions .....	.38
Performance in 1999 .....	.39
Priorities for 2000 .....	.40
Human Resources .....	.41
Communications/Public Relations .....	.41
Information Technology .....	.42
Budget .....	.43

Mission

*"To provide safe, convenient
and reliable passage for
all our patrons."*

Under provincial legislation, the mandate of the Halifax-Dartmouth Bridge Commission (HDBC) is to construct, maintain, and operate bridges and the necessary approaches thereto across Halifax Harbour.

Since being incorporated in 1950, HDBC has constructed, maintained, and operated two bridges across the harbour. During 1999, the Macdonald and MacKay bridges carried approximately 30 million vehicles. On a per-capita basis (population 350,000), they are among the most frequently used toll bridges in North America.

Strategic Goals

Goal 1

Maintain the bridges and approaches in top condition through a continuous maintenance program.

Goal 2

Reduce toll plaza and bridge congestion by increasing MACPASS usage and working with Halifax Regional Municipality (HRM) Traffic Services to ensure smooth transition of traffic from bridge approaches and toll plazas to city streets.

Goal 3

Ensure the continuing financial stability of HDBC through sound financial planning and management.

Goal 4

Ensure that public safety and employee safety are considered in all policies operations, and initiatives of HDBC.

Core Business Functions

Financial Planning and Management

- Develop and implement financial plans to support annual operating costs and capital projects and also to ensure the most effective use of long-term borrowing and investment capabilities.
- Assess risk and ensure adequate and appropriate insurance coverage.
- Maintain a cohesive and effective system of internal controls.

Toll Collection and Processing

- Sell tokens and transponders, and collect tolls mechanically and electronically for approximately 30 million vehicles annually.

Inspection and Maintenance

- Conduct ongoing monitoring and a thorough annual inspection of the bridges and approaches to identify immediate, mid-term, and long-range maintenance requirements and incorporate these requirements into the maintenance schedule and capital improvements program.

Traffic Safety and Emergency Response

- Monitor bridge traffic and respond quickly to incidents and accidents as required, thereby minimizing traffic disruptions on the structures. Commissionaires and maintenance staff accomplish this through radar speed enforcement, video monitoring, continuous surveillance of the bridge and approaches, and observance of an overall emergency response plan.

Winter Roadway Maintenance

- Through the use of the roadway ice detection system and continuous staffing, ensure prompt attention to ice and snow removal on the bridges and approaches. This requires a rigorous winter maintenance schedule, since suspension bridges develop ice faster than other roadways.

Capital Improvements

- Through ongoing review and analysis, identify and implement improvements that will allow HDBC to better fulfil its mandate.

Performance in 1999

Maintain bridges and approaches in top condition

- Completed the Macdonald Bridge Reconstruction and Third Lane Expansion Project under budget and ahead of schedule.
- Conducted annual inspections and carried out regular maintenance activities as permitted by reconstruction project. These activities included the regular painting program on both bridges, replacement of several expansion joints, line painting, and repairs to the deck and piers of the MacKay Bridge.

Reduce toll plaza and bridge congestion

- Completed and opened the new third lane on the Macdonald Bridge.
- Constructed and opened the Barrington Street access ramp for the Macdonald Bridge.
- Increased MACPASS usage from 8.7 per cent of total daily transactions at the end of December 1998 to 19 per cent of total daily transactions in December 1999. Sixty per cent of all commercial daily transactions (Class 2,3,4 & 5 vehicles) are now MACPASS transactions. During peak periods, MACPASS

accounts for approximately 24 per cent of all transactions.

- Designated two toll lanes on the Macdonald Bridge as "MACPASS only" lanes.
- Realigned toll lanes on Macdonald Bridge toll plaza to improve traffic flow.
- The combined effect of increased MACPASS usage and the opening of the new third lane on the Macdonald Bridge has been a significant reduction in toll plaza and bridge congestion. The third lane on the Macdonald Bridge has surpassed the expectation of HDBC and its daily commuters.

Ensure continued financial stability

- In 1997, HDBC successfully issued \$100,000,000 of Toll Revenue Bonds at 5.95 per cent and arranged with the province a line of credit for \$30,000,000. The Toll Revenue Bonds are secured by an assignment of the revenues of HDBC and are not guaranteed by the Province of Nova Scotia. The Toll Revenue Bonds are rated AA (low) by Dominion Bond Rating Service Limited and A+ by Standard & Poor's Ratings Group. In 1999, HDBC continued to meet the conditions of the bondholder's Trust Indenture. As budgeted, HDBC will have sufficient cash flow to ensure its financial stability.

Ensure public safety and employee safety

- Improved public safety and employee safety through initiatives such as radar speed enforcement on both bridges and continued employee training in areas such as standard CPR, fall protection, safety for supervisors, traffic control and signage, and accident investigation.
- Installed new safety features on the Macdonald Bridge such as an ice detection system and overhead variable message signs. Installed electronically controlled gates on the Halifax approaches of the Macdonald Bridge (North Street and Barrington Street access ramp) to restrict traffic to one lane when operating a single lane Dartmouth-bound. Installed a new emergency backup generator with sufficient capacity to operate these safety systems in the event of a power failure.
- Installed gates on all automatic (non-serviced) toll lanes at the Macdonald and MacKay bridges. The gates reduce toll violations and also help to reduce speeds on the toll plazas, creating safer conditions for both motorists and HDBC personnel in the lanes.
- Reviewed and modified standard procedures for employees crossing lanes safely.

Priorities for 2000

Goal 1

Maintain bridges and approaches in top condition

- Continue annual inspections and maintenance program. The majority of maintenance work in 2000 will be carried out on the MacKay Bridge and will include pier repairs, deck repairs, expansion joint repairs, and cable cladding at the deck level. The Macdonald Bridge will undergo a stringer reinforcement program.

Goal 2

Reduce toll plaza and bridge congestion

- Continue marketing activities aimed at increasing MACPASS usage to 30 per cent of daily traffic volume. Increase the number of "MACPASS only" lanes as usage permits.

Goal 3

Ensure continued financial stability

- Manage the financial resources of HDBC so as to meet the obligations of the bondholder's Trust Indenture, capital projects, and the annual O.M.A. budget.
- Use cash flow of approximately \$9 million for capital projects and investment accumulation to reduce the debt.

Goal 4

Ensure public safety and employee safety

- Install new digital video recording system on the Macdonald Bridge. This 16-camera system will provide 24-hour surveillance of the bridge span, approach ramp, sidewalk, and bicycle lane and allow for quick response to accidents or incidents anywhere on the bridge.
- Install emergency call boxes on the Macdonald Bridge sidewalk and bicycle lane. The six telephones will be linked directly to the Macdonald Bridge control office.
- Continue to train all full-time employees in standard first aid.

Human Resources

HDBC currently employs 25 full-time administration and maintenance staff and 50 full-time Corps of Commissionaires members under contract. During the spring, summer, and fall, HDBC also employs 10 part-time summer gardening staff and 35 part-time painting staff.

HDBC has a contract with the Teamsters, Chauffeurs, Warehousemen, Helpers & Miscellaneous Worker (Local 927), which

will be renegotiated in June 2000, and also with the International Brotherhood of Painters & Allied Trades (Local 1439), which will be renegotiated in October 2000.

Training and development of all staff will be ongoing in 2000, with a focus on management development, safety, and customer service and information technology skills.

Communications/ Public Relations

The Bridge Commission will be focusing on four major communications/public relations tasks in 2000:

- Continuing communications as required with key stakeholder groups, such as the province, HRM, bridge users (motorists, pedestrians, cyclists), bond-holders, bridge neighbours (business and residential), and community partners (e.g., HRM Fire Services, HRM Police Services, Emergency Services, Metro Transit, DND); and developing a website to improve stakeholder accessibility to information about HDBC.
- Maintaining a positive public image of the HDBC by communicating key messages through an effective media

relations program and by engaging in strategic communications planning to manage issues that may affect HDBC.

- Developing and implementing a marketing strategy to increase the use of the MACPASS. The primary target group will be current token users.
- Focusing on internal communications initiatives to ensure that employees at every level are well informed about HDBC activities, programs, and policies.

Information Technology

HDBC's in-house computer system is a 17-user Compaq system, which includes:

Proliant 2500R Server (1)
Deskpro 6000 5/200 (3)
Deskpro 6000 5/166 (7)
Deskpro 2000 P/133 (5)
Wyse 55 Terminal (1)
Wyse WinTerm (2)
IBM ThinkPad 600
IBM ThinkPad 365XD

The host computer operates on a SCO UNIX platform, and the workstations operate in a Windows 95/98 NT environment.

The toll collection system—coin collection equipment and the electronic toll collection (ETC) component (MACPASS)—includes the following:

Compaq Prosignia 200—plaza servers (2)
Pentium lane controllers (24)
Electronic lane systems (24)

The two plaza systems connect to our main in-house server and download data on a real-time basis.

The HDBC computer systems operate software applications to support toll collection, MACPASS account servicing, statistical analysis, payroll, accounting services, traffic control, weather monitoring, word processing, and desktop publishing.

Budget

Statement of Income for the Years Ended December 31,

	<i>2000 Budget</i>	<i>1999 Estimated</i>	<i>1998 Actual</i>
<i>Revenue</i>			
Toll revenue	\$21,818,075	\$21,530,530	\$20,920,247
Other rate charges	118,075	104,975	95,000
Investment and sundry income			
Capital Fund investment income	57,000	—	—
Sinking Fund investment income	38,000	—	—
OMA and Debt Service Funds	211,250	202,000	194,348
Other	206,000	220,000	81,647
	22,448,400	22,057,505	21,291,242
<i>Expenses</i>			
Operating, maintenance and administrative charges (note 3)	5,311,800	4,776,405	4,478,392
Amortization of capital assets	3,000,000	3,000,000	2,261,921
Interest on long term debt and financing costs (note 2)	7,942,200	7,902,200	7,117,097
	16,254,000	15,678,605	13,857,410
<i>Income from operations</i>	6,194,400	6,378,900	7,433,832
<i>Other income</i>			
Non-recurring refund of prior year's GST, 1991 to 1998 inclusive	—	651,809	—
<i>Net Income (loss)</i>	\$ 6,194,400	\$ 7,030,709	\$ 7,433,832

Notes to Statement of Income for Years Ended December 31,

Note 1

Accounting policy

The commission, which is a provincially controlled public sector entity, reports as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

Note 2

Interest on long-term debt and financing costs

	<i>2000 Budget</i>	<i>1999 Estimated Actual</i>	<i>1998 Actual</i>
Interest on long-term debt	\$ 5,950,000	\$ 5,950,000	\$ 5,950,000
Interest on line of credit	1,150,000	1,110,000	324,870
Amortization of financing costs and discounts	842,200	842,200	842,227
	\$ 7,942,200	\$ 7,902,200	\$ 7,117,097

Note 3

Operating, maintenance, and administrative charges

	<i>2000 Budget</i>	<i>1999 Estimated Actual</i>	<i>1998 Actual</i>
Salaries and full-time wages			
Administration	\$ 420,900	\$ 413,350	\$ 387,361
Maintenance	538,700	532,000	499,724
Customer Service Centre	155,800	148,750	101,112
Salaries and wages, part time			
Painting	475,400	471,200	392,669
Landscaping	39,800	37,650	35,643
Conferences and seminars	22,200	22,000	20,331
Office administration			
Administration general	53,500	66,800	69,386
Technology service contracts	75,000	—	—
Telecommunications	62,000	49,000	42,876
Other			
Operations	1,204,000	1,169,250	1,178,231
Maintenance	1,288,000	936,750	757,648
Administration	846,500	831,155	917,630
Customer Service Centre	130,000	98,500	75,781
Total Charges	\$ 5,311,800	\$ 4,776,405	\$ 4,478,392

Crown Corporation Business Plans



Halifax-Dartmouth Port Development Commission

Note:

Pending resolution of a strategic development proposal with respect to the Port of Halifax, a business plan for the Halifax-Dartmouth Port Development Commission has not been finalized.

Crown Corporation Business Plans



InNOVAcorp *Business Plan 2000–01*

Contents

Introduction .....	.51
Mission .....	.52
InNOVAcorp Vision .....	.52
Corporate Values .....	.52
Strategic Goals .....	.53
Core Business Functions .....	.53
Helping Individual Firms Bring Technologies to Market .....	.53
Building New Growth Sectors .....	.54
Performance in 1999–2000 .....	.54
Priorities for 2000–01 .....	.56
Outcomes .....	.57
Financials .....	.58
Financial Summary .....	.58
Projected Cash Flows .....	.59
Projected Summary Balance .....	.60

Introduction

Since opening for business in 1996, InNOVAcorp has made a significant contribution to the rapidly growing technology sector in Nova Scotia. It now invests and manages \$15.0 million of venture capital funds, operates three technology incubators for new and growing companies, and has privatized non-core business units such as the scientific and materials testing labs. Total full-time staffing has decreased from 120 to 78, and provincial funding has reduced from \$4.1 million to \$3.2 million.

Management has successfully completed the first stage of an organizational transition plan; the transformation from a Crown corporation that provides research, development, and testing services to a full-service technology commercialization entity. The InNOVAcorp board, the technology community, and the Province of Nova Scotia are ready for the next stage—the creation of an internationally recognized integrated, harmonized system for managing innovation.

Management has developed a four-year strategy that positions InNOVAcorp as Nova Scotia's commercialization agent, investor, and manager of new and rapidly

evolving technology companies in the area of life sciences and information technology. It includes moving the organization to a new ownership structure that would include the Province of Nova Scotia, one or more of its strategic partners such as Dalhousie University, and private-sector investors. Appropriate organizational models will be examined to determine which best suits the stakeholders. Future provincial funding could be based on a contracting of services model, whereby both parties would agree annually on the value of the economic growth services related to the public good that InNOVAcorp delivers on behalf of the Government of Nova Scotia.

The 2000–01 business plan outlines key steps required to launch this strategy and corresponding financial projections for the fiscal year 2000–01 and the subsequent three years. The plan illustrates losses of \$900,000 in the transition year and a significant increase in the corporation's net income over the next three years. This income growth will result from the development of strategic partnerships that provide direct access to high-growth technology opportunities, fund management fees, and returns on early investments.

The 2000-01 business plan proposes a \$560,000 or 17.7 per cent reduction in provincial funding and a reduction of \$1,170,000 or 37 per cent over the four-year period covered by the strategy. This plan immediately reduces provincial-funding dependency and allows the organization to continue to support Nova Scotia's economic growth and development programs.

Millennium year, 2000-01, will be the fifth full year of InNOVAcorp's operation. Our direction is focused and clear. Our team is committed. We welcome the opportunity to develop an improved innovation system in Nova Scotia that links research, education, training, incubation, seed and early-stage venture financing, and private sector entrepreneurs.

Mission

To build relationships that enable technology-based Nova Scotia firms to compete successfully for business anywhere in the world.

InNOVAcorp Vision

InNOVAcorp is a leader in creating value through technology commercialization.

Corporate Values

We believe in:

- Customer focus: Our customers are our number one priority.
- Communication: Foster open, honest, and two-way exchange of information and ideas.
- Teamwork: Develop the spirit of cooperation among ourselves and with our partners.
- Recognition: Appreciate each other's commitment, enthusiasm, and achievement.
- Integrity: We earn the respect and trust of each other and our customers.
- Personal development: Our people are our greatest asset.

- Accountability: We uphold our values and take responsibility for our choices and actions.

Strategic Goals

Goal 1

Achieve business development via relationships.

Goal 2

Build a financially viable organization.

Goal 3

Achieve competence in technology commercialization and a reputation for excellence.

Core Business Functions

InNOVAcorp's core business function is technology commercialization. We define technology commercialization as adding business expertise to promising ideas, seeing technological concepts through to commercial success.

Our technology commercialization process works on two levels:

1. Helping individual firms bring their technologies to commercial markets.
2. Building new growth sectors.

Helping Individual Firms Bring Technologies to Market

InNOVAcorp's experienced relationship managers assist clients in identifying their specific needs. Based on the customer's unique needs, a customized commercialization service package is developed.

Major elements in InNOVAcorp's commercialization process include

- **Equity Investment**

InNOVAcorp invests in qualified Nova Scotian companies requiring early-stage financing. Investment can be made at start-up or at any point through to first-stage expansion.

- **Business Incubation**

InNOVAcorp offers business incubation services and facilities to emerging companies, allowing them to reach maturity more quickly and more successfully than would otherwise be possible.

- **Business Development Services**

InNOVAcorp offers business counselling, business planning support, as well as access to an extensive network of affiliates and business contacts, library and database sources to identify industry trends, scientific breakthroughs, competitive analysis, technical data, and trademark and patent information, customized to specific needs.

Building New Growth Sectors

InNOVAcorp is dedicated to supporting technology entrepreneurs and growing knowledge-based industry sectors in Nova Scotia, with a focus on life sciences and information technology. Industry sector development functions include

- developing networks, alliances, joint ventures, and relationships to support industry sector development
- forming teams with public and private-sector participation to pursue business opportunities for Nova Scotian companies
- building relationships with the objective of establishing an investment and financing infrastructure tailored to the needs of technology-based businesses
- collaborating with partners to implement and manage projects that help to create new wealth and jobs in Nova Scotia and create new opportunities for Nova Scotian companies

Performance in 1999–2000

InNOVAcorp has achieved many significant objectives and milestones in the 1999–2000 business year.

- We expanded the Board of Directors from 2 to 10 individuals, each very prominent in Nova Scotia and fully committed to InNOVAcorp and its ideals to significantly grow the knowledge-based economy in Nova Scotia.
- We established InNOVAcorp as the most active venture capital fund in the province with six new investments in the current business year totaling \$2.25 million of direct investment, including:
 - a software development company with a breakthrough technology in the area of e-mail distribution and management, focused on the small business and home-office market
 - an electronic commerce firm with a proprietary application for the electronic delivery of software via the Internet, focused on the educational market
 - a life sciences company with patented technology for extending the shelf life of a range of organic materials, focused on the wholesale grocery market.
 - a Cape Breton multimedia house engaged in the production of original animated content for worldwide distribution in the 7–12 demographic.
 - a telecommunications company focused on Internet call management in Western Europe and Asia

- a wireless communications company focused on developing new point-of-sale applications for a range of retail sectors
- We have made a total of 20 investments over the past three years with a projected average ROI of 20 per cent.
- We assisted biotech, medical device, and health-related information technology companies in attracting over \$40 million in new capital investments and creating 200 high-value jobs.
- We confirmed key partners for the development of a private-sector business alliance of business leaders to promote and grow Atlantic Canada's information technology industry capabilities and international markets.
- We partnered with National Research Council, the University College of Cape Breton, and leaders in the Cape Breton community to develop a proposal for a new information technology lab to meet the needs of the growing information technology sector in Cape Breton and other parts of Atlantic Canada.
- We formed a business partnership with a Nova Scotian advanced materials manufacturer to develop thermal spray capability in Nova Scotia.
- We established a strategic venture capital alliance with TARA to expand access to early-stage financing to Nova Scotia technology entrepreneurs.
- We partnered with the Information Technology Alliance of Canada (ITAC) and the Information Technology Industry Alliance of Nova Scotia (ITANS) to host the next Atlantic region Softworld conference in Halifax in October 2000.
- We incubated 65 resident companies and affiliates at our four sites in Dartmouth, Truro, and Halifax.
- We graduated two companies from our Technology Innovation Centre, seven companies expanded, and a total of 49 new employees were hired.
- We launched the Bioscience Enterprise Centre, a world-class business incubator, showcasing 40 technology companies.
- We assisted 10 companies in obtaining ISO 9000 registration.
- We provided technical, market, and competitive information to over 1,000 client inquiries.
- We assisted over 50 companies with product development, environmental simulation testing, materials testing, and forensic services and provided custom-engineered industrial products to the global marketplace.
- We privatized our scientific laboratories for chemistry, microbiology, and materials testing.
- We recertified our ISO registration, the first Crown corporation in Atlantic

Canada to successfully achieve this designation.

Priorities for 2000-01

Goal 1

Achieve business development via relationships.

- Create a relationship with Dalhousie University to become its technology commercialization partner.
- Work with partners to create a centre for microbial and comparative genomics, a medical-imaging centre, and an evidence-based medicine initiative.
- Establish a province-wide mentoring network to enhance its commercialization products and services.

Goal 2

Build a financially viable organization.

- Work aggressively, with private-sector partners, to market a new technology venture capital fund to technology-oriented investors and secure the seed/early-stage fund for the province.
- Ensure accountability, value for money, and an equitable long-term business relationship between InNOVAcorp and the provincial government that satisfies the client's needs and provides a fair return on investment to InNOVAcorp.

- Implement an orderly departure from its remaining non-core activities, such as advanced materials engineering and total quality services program.

Goal 3

Achieve competence in technology commercialization and a reputation for excellence.

- Expand and improve InNOVAcorp's technology infrastructure by developing a powerful and content-rich intranet and integrated virtual delivery platform to assist in delivering services to its technology clients in Nova Scotia and elsewhere.
- Develop a marketing strategy that brands the InNOVAcorp name and image and is based on differentiating the company and its Nova Scotia technology products, services, partners, and its position as a key driver in the economic growth of the Province.
- Consolidate the management and administration of its incubators into one integrated profit centre division, and design creative alternative sources of payment for its services.
- Strengthen its linkages and focus on new IT-related commercialization opportunities, such as e-commerce, distance learning, and new media.

Outcomes

All actions carried out at *InNOVAcorp* will be judged against its ability to contribute growth of \$1.5 billion in new exports over the next five years and the net income of *InNOVAcorp*.

InNOVAcorp will achieve the following outcomes in 2000-01:

- Approve eight new equity investments in Nova Scotian companies.
- Partner to establish and manage a technology-oriented venture fund.
- Reinforce the *InNOVAcorp* investment strategy to achieve an ROI of greater than 15 per cent.
- Partner with Dalhousie University to become its technology commercialization partner.
- Develop and launch a province-wide mentoring network.
- Establish a genomics centre.
- Host Softworld 2000
- Establish the Cape Breton IT Innovation Centre.
- Deliver uniquely tailored strategic information services to 30 select clients within the incubation/investment portfolio.
- Deliver technology development services to 75 client companies through the Industrial Research Assistance Program.
- Confirm business case for virtual business incubation service delivery.
- Establish the *InNOVAcorp* "brand" in life sciences and information technology.
- Complete the LSIP growth strategy of achieving \$100 million in exports, attracting \$97 million in new capital investments, and creating 540 high-value jobs.

Financials

Financial Summary

	1999-2000	2000-01	2001-02	2002-03	2003-04
<i>Revenues</i>					
NS funding/services	3,170,000	2,610,000	2,610,000	2,305,000	2,000,000
Contracted services	1,330,000	2,550,000	3,050,000	2,800,000	2,550,000
Operating revenue	1,230,000	1,390,000	2,450,000	3,150,000	4,525,000
Venture Fund	-175,000	-800,000	1,075,000	1,500,000	2,000,000
Total Revenues	5,555,000	5,750,000	9,185,000	9,755,000	11,075,000
<i>Expenses</i>					
Operating expenses	2,865,000	4,725,000	6,375,000	6,540,000	6,920,000
Corporate expenses	2,160,000	1,795,000	1,795,000	1,795,000	1,795,000
Amortization	580,000	580,000	580,000	580,000	580,000
Total Expenses	5,605,000	7,100,000	8,750,000	8,915,000	9,295,000
Operating Income	-50,000	-1,350,000	435,000	840,000	1,780,000
Restructuring costs, net costs	-170,000	-1,050,000	-50,000	-50,000	-50,000
Gain on debt forgiveness		1,450,000			
Discontinued operations, net	105,000	50,000	510,000	10,000	10,000
	-65,000	450,000	460,000	-40,000	-40,000
Net Income	-115,000	-900,000	885,000	800,000	1,740,000

Projected Cash Flows

1999–2000 to 2003–04

	1999–2000	2000–01	2001–02	2002–03	2003–04
Net income	–115,000	–900,000	895,000	800,000	1,740,000
Add back non-cash items	755,000	–70,000	1,180,000	1,180,000	1,180,000
Deduct non-operating items	–400,000	–170,000	–1,975,000	–2,350,000	–2,975,000
Cash generated/(used)					
by operations	240,000	–1,140,000	100,000	–370,000	–55,000
Capital investment, net	–150,000	–580,000	–580,000	–580,000	–580,000
Financing activities	–60,000	–20,000	–20,000	–20,000	–20,000
Increase/(decrease) in cash	30,000	–1,740,000	–500,000	–970,000	–655,000
Beginning working capital	650,000	680,000	700,000	700,000	700,000
Ending working capital	680,000	–1,060,000	200,000	–270,000	45,000
Working capital financing required		1,760,000	500,000	970,000	655,000

Projected Summary Balance

For years ending March 31 1999–2000 to March 31, 2003–04

	1999–2000	2000–01	2001–02	2002–03	2003–04
Assets					
Working capital	680,000	700,000	700,000	700,000	700,000
Investments and funds	13,750,000	11,360,000	12,235,000	13,015,000	14,735,000
Capital assets, net	6,860,000	6,860,000	6,860,000	6,860,000	6,860,000
Total assets	21,290,000	18,920,000	19,795,000	20,575,000	22,295,000
Equities					
Long-term debt	1,570,000	100,000	80,000	60,000	40,000
Deferred government assistance	650,000	650,000	650,000	650,000	650,000
Share capital and contributed surplus	19,320,000	19,320,000	19,320,000	19,320,000	19,320,000
Retained earnings	-250,000	-1,150,000	-255,000	545,000	2,285,000
	21,290,000	18,920,000	19,795,000	20,575,000	22,295,000

Crown Corporation Business Plans



Novaco Limited

Dissolution of Novaco Ltd., 2000-01

The provincial Crown corporation Novaco Limited was established by the Nova Scotia Department of Mines (now part of the Nova Scotia Department of Natural Resources) in 1970 to assist the province in the development of an appropriate coal mining industry for Nova Scotia. With time, Novaco's direct involvement with mining in Nova Scotia has lessened as surface coal mining activities by the private sector have replaced Novaco's programs of the late 1970s and the 1980s. The corporation has been essentially inactive since 1993.

In February 2000, Executive Council accepted a proposal from the Department of Natural Resources to dissolve the corporation, invest the assets in a special trust fund under the Provincial Finance Act, and use the proceeds to carry out a long-term project to cap and/or fill abandoned mine openings on Crown land,

thereby addressing a serious matter of public safety and potential liability to the province. The residual assets are presently invested in short-term financial instruments that will mature in May 2000. At that time, they will be transferred to a special trust fund, and the corporation will be dissolved.

Crown Corporation Business Plans



The Nova Scotia Arts Council

Business Plan 2000–01

Contents

Introduction	65
Mission	66
Strategic Goals	66
Core Business Functions and Performance in 1999–2000	66
Funding Programs	66
Additional Services to the Cultural Community	68
Staff Relations	68
Nominating Committee	68
Communications	68
Involvement in Other Culture-Related Activities	69
Nova Scotia Arts Endowment Fund	69
Priorities for 2000–01	70
Human Resources	71
Budget	72

8

Introduction

The Nova Scotia Arts Council/Conseil des arts de la Nouvelle-Écosse was formed by an act of legislation in January 1996. The creation of the Nova Scotia Arts Council followed 20 years of community action to have an arm's-length agency that used peer review to determine funding approvals. The first members of the council were appointed on May 1 of that year and met together for the first time in August 1996. The remainder of the first year (1996–97) was spent in discussing and determining mission, vision, a governance model, and guiding principles, policies, and programs. The recommendations of the Steering Committee were reviewed, and the council studied those government policies that would affect the Arts Council. A search was conducted for suitable office space, staff job descriptions were circulated, interviews conducted, and the process of hiring staff was begun.

The council became fully operational in its second year (1997–98), at which time most of the operating grants to professional arts organizations were transferred from the Cultural Affairs Division of the Department of Education and Culture to

the council. With the addition of new monies from the province, grants were made available to individual professional artists for the first time. The prestigious provincial Portia White Prize was announced and awarded, and a Nova Scotia Arts Endowment Fund was established. The council governance manual was completed and distributed.

Over the next two years financial partnerships with MTT and the J. W. McConnell Family Foundation of Montreal resulted in additional funding for professional artists. A program officer was hired specifically to develop the areas of arts education and community arts.

The current year (1999–2000) has seen a number of new initiatives, which are described below.

Mission

The Nova Scotia Arts Council/Conseil des arts de la Nouvelle-Écosse is dedicated to making Nova Scotia a place where artists' voices are heard and the arts will thrive.

Strategic Goals

(based on the objectives outlined in the act of legislation)

Goal 1

To make the arts integral to the lives of all Nova Scotians.

Goal 2

To foster excellence throughout the province.

Goal 3

To encourage creative expression by funding activity in the arts.

Goal 4

To utilize peer assessment in the determination of artistic merit and the allocation of funding.

Goal 5

To educate the public regarding the cultural, social, and economic importance of the arts.

Goal 6

To strive for regional, cultural, and developmental equity in the distribution of funding.

Goal 7

To carry out research on matters related to the arts.

Goal 8

To establish and administer the Nova Scotia Arts Endowment Fund.

Core Business Functions and Performance in 1999–2000

Funding Programs

The NSAC funding programs are designed to interact with the various stages of development of artists and arts organizations. They respond to creative ideas and projects, including professional development of the field.

Grants to Individuals are awarded in the areas of professional development, research, travel, creation, and presentation.

Project Grants to Organizations and Small Groups are awarded in the areas of production/presentation, touring, commissioning, and professional development.

Operating Grants to Organizations are awarded to offer assistance to the ongoing programs of professional arts organizations.

The Portia White Prize, a provincial prize, is awarded annually to recognize the cultural and artistic excellence of a Nova Scotian artist who has attained international professional status and recognition. With a monetary award in the amount of \$25,000, it is the most significant prize for culture in Nova Scotia, and among the most prestigious prizes awarded in Canada. Announcement of the recipient is made in February (or March) of each year. The 1998 recipient was Dr. George Elliott Clarke, a distinguished Nova Scotian poet, essayist, and exponent of Black culture. In 1999 the prize was awarded to (the late) Georg Tintner, an internationally acclaimed conductor and Conductor Laureate of Symphony Nova Scotia.

MTT New Media Awards were initiated in 1998-99, with funding assured from MTT, to stimulate and recognize projects in new media production.

Arts inFusion, a three-year research project focused on learning through the arts in all subject areas of the curriculum and funded in part by a grant from the J.W. McConnell Family Foundation, is now in its second year.

In the fall of 1997, NSAC was invited to submit a proposal for the national ArtsSmarts initiative of the McConnell Family Foundation. The resulting program, Arts inFusion, was developed and planned in partnership with the Department of Education's English Program Services and the Cultural Affairs Section of the Department of Tourism and Culture and is administered by NSAC. The results of the first year of the program (1998-99) have been evaluated by third party assessors selected by the Department of Education; their report has been reviewed by the Arts inFusion Advisory Committee. In the spring, a selection committee named nine artists to be added to an existing pool of professional artists who work with the schools in this program, bringing to 26 the total number of artists in the pool.

During 1998-99, grants were awarded in all funding categories, for all areas of the arts, and to artists and arts organizations in all parts of the province.

Note: All grants and awards are determined through a peer assessment process.

Additional Services to the Cultural Community

Program officers regularly visit all parts of the province and are available for individual conference by phone or in person. Seminars and workshops, led by individuals with expertise in the specific areas to be explored, are offered for operating grant clients as well as for other grant applicants and recipients. This year the staff organized grant preparation clinics in several areas of the province.

A one-day Arts inFusion Conference, held in October, brought together the schools and artists involved in the second year of the program to discuss future arts integration projects.

Staff Relations

Job descriptions for all staff members have been reviewed, all present contracts have been finalized, and an evaluation

process is under way. A manual for personnel administration defining employee status has been developed, legally vetted, and approved by council and staff.

Nominating Committee

The term of the first-named Nominating Committee for appointments to the council expired in August. In accordance with the act of legislation, the council submitted names to the Minister of Tourism and Culture to be considered for the jointly appointed members of the Nominating Committee.

Communications

Communication remains a priority area for the council. To that end brochures continue to be developed, a formal annual report is published, and the Arts Council's biannual Newsletters are widely distributed. A council website has been designed and is scheduled to be available on-line in December.

Press release notices of deadlines, awards, prizes, and special events are regularly made available.

Arts Council staff continue to meet periodically with their Cultural Affairs staff counterparts to discuss areas of overlapping,

or shared, responsibility. Both share the results of granting decisions. The Liaison Committee, which is the only permanent committee of the council, now brings together the Chair and Executive Director of the Arts Council, the Executive Director of the Heritage and Culture Division, and the Director of the Cultural Affairs Section of the Department of Tourism and Culture. The intent is to assure ongoing communication and discussion between the council and Cultural Affairs on matters of mutual interest and concern.

The council has initiated a series of open meetings to be held across the province with interested members of the cultural community. This is in advance of the review process the council had determined should take place after the third year of operation. Thus far, meetings have been held in Halifax and in Cape Breton, 18 additional meetings are scheduled for the spring, to be held in venues across the province. All meetings will be conducted by members of the council.

Involvement in Other Culture-Related Activities

To realize the council's objectives relating to research and knowledge of matters

affecting the arts, staff and members of the Arts Council are active participants in several endeavours relating to arts and culture. These include the Cultural Sector Strategy Committee and Conference, the Foundation for Heritage and Arts Stabilization and Enhancement (FHADE), the 1999 Cape Breton Cultural Symposium, the National Symposium on Arts Education, provincial and national conferences, forums and meetings, peer assessor or advisory roles for various provincial and federal agencies and other arts councils, and membership on national and provincial boards. The Chair of NSAC has been invited to sit as an ad hoc member on the board of the Cultural Network.

In April 1999 NSAC hosted and chaired, in Halifax, a meeting of chairs and directors of all of the provincial and territorial arts councils and the Canada Council.

Nova Scotia Arts Endowment Fund

Management and growth of the Endowment Fund is a council responsibility. Trustees remain the same: Jim Gogan, Past President and CEO, Empire Company Limited, Stellarton; Irving Schwartz, President, Schwartz and Company

Limited, Sydney; Glenn Squires, CEO, Pacrim Development, Halifax. The council continues to proceed cautiously with fundraising initiatives for the Endowment Fund. Care is taken to neither jeopardize nor infringe upon funding for other cultural organizations in Nova Scotia. On the advice of the trustees, the council has agreed that, to enable the fund to grow, no monies will be taken from the interest or capital gained until an initial goal of one million dollars is reached. As an act of good faith, all members of the council have personally contributed to the fund.

Priorities for 2000–01

- Hold open meetings across the province with representatives of various geographic, ethnic, and cultural communities to solicit feedback on how the council is fulfilling its mandate. The 18 meetings scheduled from March to June will all be directed by members of council, largely at their own expense.
- Conduct a review of policies and practices of the Arts Council.
- Review NSAC programs in light of reduced government funding.
- Develop a strategic plan to follow on from the initial three-year plan submitted in the council's first operational year.
- Continue communication through such means as a newsletter, the web site, and timely press releases and by responding to invitations for news and comment in the publications of other organizations.
- Continue provincial visits, clinics, and workshops directed by staff in so far as possible.
- Continue discussions with Cultural Affairs to ensure that all of the cultural community is being served through our combined programs.
- Explore potential partnerships with other organizations in developing networking strategies to facilitate the distribution of information regarding funding opportunities and matters affecting the arts.
- Seek additional partnerships that would increase specific project funding for professional artists and arts organizations.
- Explore additional and continued partnerships in the area of arts education.
- Increase the capital of the Nova Scotia Arts Endowment Fund through funding and investment strategies.
- Negotiate second-term staff contracts.

- Actively encourage those with an interest in the cultural community to apply to the Secretary of the Executive Council for consideration for nomination to the council.

Human Resources

Staff of the Nova Scotia Arts Council

Executive Director: Russell Kelley
Program Officer, Grants to Individuals:
Peter Kirby
Program Officer, Grants to Organizations and Small Groups: Pat Kipping
Arts Education/Community Liaison Officer:
Darcy Rhyno
Office Manager/Bookkeeper:
Margaret Hoyle
Secretary/Receptionist: Amanda Christie

Members of Council

Chair Ninette Babineau, Halifax
Vice-Chair Christopher King, Baddeck
Secretary Gay Hauser, Halifax

Members

Douglas Arthur Brown, Marion Bridge
Shelley Fashan, Lake Echo
François Gaudet, Weymouth
Leah Hamilton, Halifax
Sheilagh Hunt, Halifax
Mern O'Brien, Halifax
Ellison Robertson, Sydney
Carol Sinclair, Guysborough
Susan Tileston, Granville
Marianne Ward, Dartmouth

Budget

	<i>Actual 1997-98</i>	<i>Actual 1998-99</i>	<i>Budgeted 1999-00</i>	<i>Projected 2000-01</i>
Revenue				
Grant revenue from province	1,300,000	1,500,000	1,476,000	1,254,600
Sponsorships	1,589	132,411	118,600	111,000
Earned interest: operating	12,109	19,866	22,000	17,000
Deferred revenue	70,550	52,557	79,650	42,000
Total Revenue	1,384,248	1,704,834	1,696,250	1,424,600
Expenses				
Grants to Individuals Programs	385,154	448,447	446,000	380,000
Grants to Organizations Programs	539,900	615,000	615,000	522,000
Other grants, prizes & awards	45,499	140,000	149,109	115,000
Grants Subtotal	970,553	1,203,447	1,210,109	1,017,000
Program Delivery	62,166	148,140	139,842	137,967
Assessment costs—juries	32,404	34,400	34,290	26,700
Program Delivery Subtotal	94,570	182,540	174,132	164,667
Administration				
Salaries & benefits	75,735	101,257	116,280	116,280
Board costs	21,963	17,652	20,600	12,600
Rent, Supplies, services, etc.	168,870	120,288	133,129	114,053
Administration Subtotal	266,568	239,197	270,009	242,933
Total Expenses	1,331,691	1,625,184	1,654,250	1,424,600
Surplus(deficit)	52,557	79,650	42,000	—

Nova Scotia Arts Endowment Fund

Opening balance	\$575,168	\$633,772	\$675,547	\$795,547
Additions	58,604	41,775	120,000	61,000
Closing Balance March 31	\$ 633,772	\$ 675,547	\$ 795,547	\$ 856,547

Crown Corporation Business Plans



Nova Scotia Beef Commission

Business Plan 2000–01

Contents

Introduction .....	.75
Mission .....	.75
Strategic Goals .....	.75
Core Business Functions .....	.76
Performance in 1999–2000 .....	.76
Priorities for 2000–01 .....	.76
Budget .....	.77
Human Resources .....	.77
Outcomes and Outcome Measures .....	.77

Note:

The Nova Scotia Beef Commission held its last meeting on October 9, 1997. With the reorganization of the Nova Scotia Department of Agriculture and Marketing, the commission's responsibilities for community pastures, beef test station, and record of performance have been transferred to the Production Technology Branch of the department, and there are plans to dissolve the commission.

Introduction

The Nova Scotia Beef Commission operates under the auspices of the Nova Scotia Department of Agriculture and Marketing. It was established by the Beef Commission Act on August 1, 1990 and is concerned solely with expanding and developing the beef industry in Nova Scotia.

The Nova Scotia beef industry accounts for approximately 11 per cent of the total farm cash receipts in Nova Scotia and has a value of \$29–36 million per year, depending on the level of prices received. With approximately 2,000 beef producers, the beef sector has the largest number of producers of any commodity in the province.

Mission

To encourage and promote the development of the Nova Scotia beef industry.

Strategic Goals

In conjunction with farm organizations and the Production Technology Branch of the Nova Scotia Department of Agriculture and Marketing:

Goal 1

Develop an analysis of the beef industry in Nova Scotia, determine the development opportunities for the industry, and develop a strategy to help the industry achieve its full potential.

Goal 2

Provide an ongoing review of all programs offered by the Nova Scotia Department of Agriculture and Marketing and other agencies affecting the beef industry in Nova Scotia, and recommend means whereby programs may be better allocated to meet the objectives defined in the beef development strategy.

Goal 3

Assist the Nova Scotia Cattlemen's Association in revitalizing and strengthening the organization to better serve the Nova Scotia beef industry.

Core Business Functions

- Advises and makes recommendations to the Minister on
 - the allocation of resources to the beef industry
 - the development and administration of policies and programs for the beef industry.
- Carries out such functions to support the development of the beef industry as assigned by the Minister or prescribed by regulation.
- Carries out specific projects designed to address industry problems and future development.

Performance in 1999-2000

The future work of the commission will be dependent to an extent on the recommendations made by the Ministerial Task Force.

Staff of the department/commission will continue to:

- Evaluate the effectiveness of the Beef Commission's structure and explore alternative methods to enhance the beef industry.
- Provide managerial and support services to the Nova Scotia Beef Commission by arranging regular meetings, preparing meetings, preparing minutes, coordinating the operational aspects of the commission's mandate and acting as secretary of the commission.
- Continue to explore new and improved marketing opportunities for the beef industry and continue to produce a feeder sale price summary on an annual basis.

Priorities for 2000-01

1. Recommend that the Beef Commission be dissolved, since the responsibilities for community pastures, beef test station, and record of performance are now managed by the Production Technology Branch.
2. Consult with the Cattlemen's Association and the Nova Scotia Federation of Agriculture are a part of the process for the above recommendation.

Budget

With the reorganization of the Nova Scotia Department of Agriculture and Marketing, the Beef Commission budget has been reduced to \$17,500, with some of the commission's budget responsibilities being transferred over to the new Production Technology Branch for the 1999-2000 budget.

The Beef Commission office has been relocated from the Dairy Building, Nova Scotia Agricultural College Campus, to the Harlow Institute building. The responsibility for the new Beef Commission office has been assigned to the Production Technology Branch, Nova Scotia Department of Agriculture and Marketing.

Human Resources

The Beef Commission consists of a five-member board appointed by the Governor-in-Council. Members are selected to represent the various sectors of the beef industry.

The terms for four board members expired in the fall of 1997 and to date they have not been replaced.

The staff of the Livestock Section, Production Technology Branch are presently looking after the operational aspects and mandate of the commission. Some work is also done through the use of casual employees.

Much of the work of the commission is accomplished in cooperation with other branches of the Nova Scotia Department of Agriculture and Marketing, Agriculture and Agri-Food Canada staff, producer organizations, and commodity groups.

Regular meetings of the commission are held as budget funding permits.

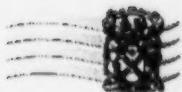
Outcomes and Outcome Measures

Industry growth and development will be assessed on an ongoing basis by tracking beef cattle numbers, sector cash farm income, number of farms, average herd size, market numbers, and prices.

Specific projects will be assessed on an individual basis.

Client satisfaction will be assessed on an ongoing basis.

Crown Corporation Business Plans



Nova Scotia Business Development Corporation *Business Plan 2000-01*

Contents

Introduction	81
Mission	82
Performance in 1999-2000	82
Priorities for 2000-01	82
Funding Estimates	84
Capital Estimates	84
Operating Estimates	86

Introduction

As at March 31, 1999, the Nova Scotia Business Development Corporation (NSBDC) administered a portfolio of more than 700 accounts having a value of \$254 million, comprising loans, shares, guarantees, other assets, and industrial parks. In addition, the NSBDC administers on behalf of Executive Council the Industrial Expansion Fund (IEF), with a portfolio of loans, shares, guarantees, and other assets with a value of \$303 million. Detailed information on the corporation's activities is contained in the annual report, which is tabled in the Legislature.

The corporation is directed by a 12-member Board of Directors from the Nova Scotia business community who contribute their advice and direction to the decision-making process.

The NSBDC has a staff complement of 22 situated in three locations in Nova Scotia: the Halifax head office and Sydney and Truro regional offices.

The NSBDC often takes a lead role in the structuring of financial packages to encourage business development for new or expanding companies. The arrange-

ments consist of loans or other financial instruments, investor equity, funding from other government agencies, and private-sector financing. Historically, 90 per cent of the corporation's activity has been directed to the manufacturing and processing sector outside the Metropolitan Halifax area.

The corporation plays a major role in ensuring that there is a source of financing within the province for start-up business, specialized manufacturing industries, businesses in rural Nova Scotia, and companies requiring temporary financial restructuring. Due to the higher risk associated with these types of business, normal commercial financing is most often not available. The NSBDC fills this need.

The corporation also serves as a source of business and financial advice and expertise to the Department of Economic Development and other government departments.

Mission

*To encourage business development
and employment opportunities
in the Province by providing
financial and other assistance*

Performance in 1999–2000

During the year ended March 31, 1999, the NSBDC approved 51 projects aggregating \$55.4 million. The companies assisted employ 2,100 Nova Scotians, pay \$47 million annually in wages, and have sales over \$200 million. Eighty-nine per cent of this assistance was provided outside Halifax County. The primary sectors assisted were food processing (45 per cent), wood and paper products (29 per cent), and metal fabrication (12 per cent).

Year Ending March 31, 2000

During the 1999–2000 fiscal year, to February 28, 2000, the corporation had approved 39 transactions aggregating \$13.2 million.

Priorities for 2000–01

1. Stimulate job creation and the economy throughout Nova Scotia.

The Business Development Corporation continues to successfully accomplish its mandate of promoting business growth and resulting employment opportunities through the provision of appropriate financial assistance. The corporation has enjoyed many successes, and its failures have been within acceptable limits considering the risk profile of the portfolio. We will continue to pursue current policies and practices to carry forward our success.

Based on a detailed analysis of the portfolio the following results have been achieved:

- NSBDC assistance supports 10,000 direct and 17,700 indirect jobs in Nova Scotia.
- One in five manufacturing jobs is supported by NSBDC financing.
- NSBDC-assisted companies have annual sales of \$1.3 billion and pay employee wages of over \$220 million.
- The operations of the businesses supported by NSBDC result in an additional \$50 million in revenue to the province annually. After all costs are deducted relating to the opera-

tions of the portfolio, the annual return to the province is approximately \$35 million.

- Fewer than 1 per cent of NSBDC clients would have received financing from commercial lenders at the time the initial loan was made.

2. Continue with our policy of declining financial assistance to fund any new business that will compete directly with an existing Nova Scotia-based business.

This policy has been in place since the inception of the corporation and has proven to be effective in ensuring that assistance is for the net economic benefit of the province.

3. Continue to work with Regional Development Authorities and others to market the sale and lease of industrial parks and malls to new and expanding industries.

The availability of industrial land throughout the province for immediate occupancy by business plays a key role in providing Nova Scotians with the opportunity to find employment in rural parts of the province.

4. Develop policy and guidelines for providing financial assistance to growing sectors of the economy such as information technology, life sciences, and advanced manufacturing.

The corporation was founded during, and its policies reflect, a traditional manufacturing economy. As the knowledge-based economy expands in Nova Scotia, it is becoming clear that the corporation must clarify its role in relation to these new firms. These firms often have no track record, have little security to offer, and generally are more capital intensive than traditional industries. The question to be addressed is the risk profile the corporation can assume and still maintain a prudent position with taxpayers' money.

5. Search for new partnership opportunities with other government agencies and the private sector

On a number of occasions, the corporation has formed strategic alliances with other departments and corporations to seize an opportunity that will result in significant job creation. We will continue to work with the Investment and Trade Division to attract new business to Nova Scotia. We will work with the Department of Fisheries and Aquaculture on aquaculture projects and maintain our relationship with the

Sable Offshore Energy Project and InNOVACorp. As specified in our mandate, we will continue to provide a source of financing to clients of the Department of Tourism and Culture. Our staff have contributed their energy and expertise to these joint ventures, which have resulted in significant job creation.

Advances in any particular year may significantly exceed repayments, as funds are advanced in their entirety to fund projects, and principal repayments on these advances are received over a period of 10–15 years.

Funding Estimates

Capital Estimates

The amount of financial assistance provided to industry in Nova Scotia in any one year varies with the opportunities presented and needs identified. Therefore, it is difficult to specifically target capital requirements. However, based on past history and specific projects under review and evaluation, an estimate of funding requirement can be determined. Normally, the Business Development Corporation has advanced between \$25 million and \$30 million per year and has received repayments in the \$13–18 million range, although significant variations have occurred.

Statutory capital advance estimates and forecasts are outlined below:

Advances

	1999-2000 Estimate (millions)	1999-2000 Forecast (millions)	2000-01 Estimate (millions)
Business Development Corporation Fund	\$55.0	33.7	36.0
Industrial Expansion Fund	30.0	13.0	17.5
Total	85.0	46.7	53.5

Repayments

Business Development Corporation Fund	\$16.0	17.0	16.0
Industrial Expansion Fund	2.0	0.75	2.0
Total	18.0	17.75	18.0

The BDC estimate is based on the anticipated cashflows associated with \$35 million of outstanding commitments from previous years and an additional \$20 million for new advances.

The Industrial Expansion Fund estimate is based on the anticipated cashflows associated with \$12 million of outstanding commitments (does not include possible \$30 million for Halifax Bridge Commission) and an additional \$10 million for projects yet to be determined.

Operating Estimates

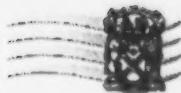
The administration and operations budget of the corporation is provided by the Department of Economic Development. Estimated operating budget for 2000-01 is \$1.360 million. This budget should be sufficient to provide for the operations of the corporation.

The information on the Business Development Corporation budget is presented below.

	Estimate 1999-2000	Forecast 1999-2000	Estimate 2000-01
Administration	159,000	152,000	159,000
Operations	<u>1,410,000</u>	<u>934,000</u>	<u>1,201,000</u>
Total	1,569,000	1,086,000	1,360,000

The forecast for 1999-2000 operations is significantly below estimate because of approximately \$500,000 of one-time cost recoveries.

Crown Corporation Business Plans



Nova Scotia Crop and Livestock Insurance Commission

Business Plan 2000–01

Contents

Introduction .....	.89
Mission .....	.90
Strategic Goals .....	.90
Core Business Functions .....	.90
Priorities for 2000–01 .....	.91
Human Resources .....	.93
Budget .....	.94

Introduction

The Nova Scotia Crop Insurance Commission was established in 1968 and reports directly to the Minister of Agriculture and Marketing. It provides Nova Scotia farmers with insurance plans that will allow them to manage the financial risk associated with reduced yields due to unmanageable natural perils. The Nova Scotia Crop Insurance Act was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the Crop and Livestock Insurance Act.

Crop insurance is a vital component in the creation of an environment that encourages economic development through production of agricultural crops and is one of the core programs in National Safety Net Programming for agriculture. Under the Canada–Nova Scotia Crop Insurance

Agreement, crop insurance programs are cost-shared with the federal government. Yield and premium rate methodologies are actuarially tested and audited. Fifty per cent of the premiums are paid by the insured producer, with the federal and provincial governments each contributing 25 per cent. Program administration is cost-shared equally by the two levels of government. Livestock insurance programs are administered solely by the province with producers paying 100 per cent of premiums.

The commission delivers its services province-wide to 760 farm businesses with a FTE staff of 10.5 centred in Truro and Kentville. The high-level budget allotments for the commission are found within the budget of the Department of Agriculture and Marketing (NSDAM) and are as follows:

	1998-99 Actual	1999-2000 Estimate	1999-2000 Forecast	2000-01 Estimate
Net Provincial Expenditure	\$450,300	\$423,200	\$452,300	\$423,200

Mission

To provide risk management options for agricultural production in Nova Scotia, offering programs that enable agricultural business managers to offset the risk of financial loss resulting from reduced crop yields or loss of livestock due to insured perils.

Strategic Goals

In keeping with government's commitment to stimulate economic activity and development, the commission will pursue the following goals in expanding its risk management services in 2000-01:

Goal 1

To increase the benefits package available to all insured producers. The payments made to producers when a loss event occurs should reflect the variable costs of production lost to that point in the growing cycle. These costs should include crop inputs and materials, production labour, and machinery operating costs but will not

include the fixed costs of rental, ownership or investment.

Goal 2

To expand the range of protection under crop insurance to include crops most drastically affected by recent drought experiences. This will include plans for managed forage intended for winter feed, vegetable crops, and highly perishable fruits such as raspberries.

Goal 3

To improve service to all clients by replacing outdated information architectures with systems which will enable quicker and more reliable processing of yield information and claim verification data.

Goal 4

To ensure the protection of fund surpluses through purchase of reinsurance coverage.

Core Business Functions

The role of the Crop and Livestock Insurance Commission is to make available, and administer, insurance programs that will assist Nova Scotia farmers in times of reduced revenues due to produc-

tion losses. Its core business functions (and associated activities) are:

Planning and Development

- new crop and livestock insurance program research development
- existing program evaluations and revisions and regulatory support
- input to NSDAM Safety Net program and policy development
- liaison with Agriculture and Agri-food Canada (AAFC), the Nova Scotia Department of Agriculture and Marketing (NSDAM), the Nova Scotia Federation of Agriculture (NSFA), and commodity organizations

Field Services

- sales and promotions, renewals, cancellations
- underwriting procedures
- production summary data management
- claims adjustment and processing
- client services and inquiries
- statistical reports
- claims verification and audit

Finance/Administration

- generation of insurance certificates
- premium collections/indemnity payments
- budgets/estimates
- development and execution of financial controls
- purchasing
- payroll processing
- liaison with external auditors

Priorities for 2000–01

- Increase the benefits payable to clients who suffer loss of their crops early in the growing season. Failure-to-establish (Stage 1 Loss) pay-outs will be increased to more closely reflect the variable costs of production lost when crops fail to develop to maturity. The impact on the administration budget is nil. The impact on the insurance fund is minimal, as these types of losses are minor in relation to losses experienced at final harvest or maturity.
- Initiate insurance coverage for the production of raspberries. The impact on administration budget is minimal, as inspection and claim verification will be incorporated to already scheduled travel

cycles. The impact on premiums is approximately \$1,000.

- Introduce a new insurance plan for the production of forage crops. After three successive years of drought, forage-based sectors are in need of a tool for managing the risk of crop failures. This plan will enable the protection of over 120,000 acres (48 500 ha) of forage production with a value of \$20,000,000. The impact on administration budget is minimal, as production data survey is funded under a research grant. Initial participation is expected to be light, with premium impact estimated at \$10,000 in 2000-01.
- Introduce a new insurance plan for production of vegetables, including cabbage, carrots, broccoli, cauliflower, lettuce, brussels sprouts, rutabagas, onions, parsnips, and winter squash, protecting a potential production value of \$500,000. Administration impact is approximately \$5,000 in increased travel and casual staff required. Premium impact in 2000-01 is estimated at \$10,000.
- Proceed with replacing outdated information architecture to enable more efficient data processing and facilitate speedier claim clearance and faster payments to producers in times of financial stress brought on by crop failure. The

system will be replaced with a platform supported by the IT-CSU. Phase 1 (Functional Requirements and Search) is estimated to cost \$60,000 in the coming year. Purchase and/or development will follow in 2001-02. This is an allowable expense under the Canada-Nova Scotia Crop Insurance Agreement and will be cost-shared 50-50.

- Secure the stability of insurance fund reserves through the purchase of private reinsurance. Participation in the federal reinsurance fund for Nova Scotia was suspended in 1997. Should the Crop Insurance Fund be depleted, the province would be liable for any indemnity shortfalls. The recent years of severe drought and increased indemnity payments have highlighted the possibility of a major impact. A reinsurance policy will protect the provincial treasury from potential liabilities. Quotes are currently being developed, but initial estimates are that premiums may total \$40,000 annually. This is an allowable expense under the Canada-Nova Scotia Crop Insurance Agreement and would be cost-shared 50-50.

Human Resources

The Crop and Livestock Insurance Commission consists of a six-member board appointed by the Minister of Agriculture and Marketing. Board members' appointments are normally for two or three years and are often renewed for a successive term(s).

Currently the staff complement includes seven full-time permanent employees. A vacant Agrologist position is a full-time permanent position. Two full-time casual positions provide field support. Additional casual positions (1.5) are seasonally required for peak summer and fall workloads.

In keeping with government's stated commitment to offer casual employees permanent positions where the nature of their work is ongoing, the commission intends to pursue long-term contracts or permanent positions for its field agents who are currently classified as casual employees. The complexity of the commission's information architecture and the pending development of a new architecture demands that the commission's priorities include refilling of a computer services officer

position. This will be done in conjunction with the IT-CSU to ensure maximum flexibility and IT effectiveness.

Staff training and development continue to be a priority to meet the stated goals and to continue to improve programs and services. Staff training relative to requirements of Occupational Health and Safety regulations will continue during the next fiscal year.

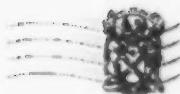
Budget

The commission budget is included in the budget estimates of the Department of Agriculture and Marketing. The Crop Insurance Agreement with AAFC provides for reimbursement of one-half of the administrative costs relative to crop

insurance. Administrative costs for other programs administered by the commission are not eligible for this cost-sharing. Premiums paid by producers and the federal government are not included in the budget figures provided.

1998-99 Total	1999-2000 Estimate	1999-2000 Forecast		2000-01 Estimate
\$359,400	\$395,900	\$372,300	Salaries & benefits	\$395,900
\$204,000	\$144,300	\$194,400	Operating costs	\$144,300
\$162,900	\$155,000	\$160,000	Grants & contributions	\$155,000
\$726,300	\$695,200	\$726,700	Gross expenditures	\$695,200
<u>\$276,000)</u>	<u>\$272,000)</u>	<u>\$274,400)</u>	Less recoveries	<u>\$(272,000)</u>
<u>\$450,300</u>	<u>\$423,200</u>	<u>\$452,300</u>	Net expenditures	<u>\$423,200</u>

Crown Corporation Business Plans



Nova Scotia Farm Loan Board

Business Plan 2000–01

Contents

Introduction .....	.97
Mission .....	.98
Strategic Goals .....	.98
Strategic Alliances and Linkages .....	.99
Core Business Functions .....	.100
Performance in 1999–2000 .....	.100
Priorities for 2000–01 .....	.102
Human Resources .....	.103
Communications .....	.104
Information Technology .....	.104
Budget .....	.106
Outcomes and Outcome Measures .....	.107

Introduction

The Nova Scotia Farm Loan Board is an agricultural development agency serving the needs of agriculture and forestry through the provision of long-term credit.

The board is Canada's oldest government agency, lending exclusively to the agricultural industry. The originating legislation for the board commenced in 1912. The board's most active role in financing rural Nova Scotia is generally considered to have started in 1932. For more than 67 years, the Nova Scotia Farm Loan Board has served government through financing development and providing financial counselling for the agricultural industry and rural Nova Scotia. The board further serves rural Nova Scotia through the administration of the Timber Loan Board.

Five individuals who have had successful careers in agriculture and business govern the policies and operations of the Nova Scotia Farm Loan Board and Timber Loan Board. The board delegates the responsibilities of Nova Scotia's two primary resource development agencies to staff.

The board has provided long-term loans to agriculture when no other sources of

financing were available. Most of the agricultural industry, as we know it today, has been developed through financing from the board.

The need to provide stable and available credit has been identified as a priority in rural Nova Scotia in the years ahead. This is primarily as a result of:

- continued consolidation and expansion of operations
- relocation of individuals seeking rural properties
- ageing population
- importance being placed on the proper stewardship of resources by the public
- development opportunities in agri-tourism
- continued development and expansion of farm based value-added businesses
- diversification of farm operations to allow for competitiveness
- identified new opportunities
- change in government programs from direct subsidies to risk management and development programs

The board continues to provide valuable credit services to rural Nova Scotia. The board's current loan portfolio totals approximately \$160 million, involving more than 1,427 accounts. This funding represents approximately 64 per cent of the long-term debt and 39 per cent of the total debt of Nova Scotia's farmers.

The Timber Loan Board has a portfolio of 19 accounts totalling \$1.8 million. The Timber Loan Board assists in the acquisition of forested land for forest product mills. The loans are extended to ensure that forest mills have a sustainable wood supply for the future, which increases or maintains employment levels. Since 1965, when the Timber Loan Board was created, the timber industry has changed dramatically. Industry and staff of the Department of Natural Resources have identified the need for changes in regulations. During 1998–99 the board reviewed and recommended changes in regulations for the Timber Loan Board. These are currently under review by the Department of Natural Resources. The timber industry is an important part of the board's activity. Throughout this document, references to agriculture or timber are intended to take into consideration both industries and the specific needs of each industry.

Legislation

The board operates as a Corporation of the Crown under the authority of The Agriculture and Rural Credit Act, *Revised Statutes, Nova Scotia 1989*, Chapter 7. This act emphasises rural development and the effective use of credit to develop rural Nova Scotia.

The Timber Loan Board's authority is from regulations made pursuant to the *Revised Statutes of Nova Scotia, 1989*, The Forest Act in Section 20 of Chapter 179. This act provides for credit to acquire forested land for forest product mills.

Mission

*To promote, encourage, and support
the development of agricultural
businesses in Nova Scotia.*

Strategic Goals

The Nova Scotia government's objectives are to stimulate economic growth and development, support the fundamentals of

a strong society, and strengthen Nova Scotia's human capital for people and communities to grow.

The board operates as a corporation of the Crown in concert with the Department of Agriculture and Marketing.

The strategic goals of the Department of Agriculture and Marketing are:

1. Encourage the competitiveness of the agriculture and food industry so that new employment and income opportunities are created.
2. Provide leadership in the development of human resources for agriculture, food, and rural communities.
3. Foster a sustainable and environmentally responsible agriculture and food industry.

The board's strategic goals support government and the department's goals by

Goal 1

- focusing on access to stable, cost-effective, long-term developmental credit

Goal 2

- identifying and analysing growth opportunities for rural industries

Goal 3

- promoting awareness and use of financially sound business principles

Strategic Alliances and Linkages

Strategic alliances and linkages are a necessary component of the daily activity of the board to allow for continued development in agriculture. Over the years the board has provided supplementary benefits through its strategic alliances and linkages. These occur primarily with the Department of Agriculture and Marketing but have also included other departments and other organizations involved in rural Nova Scotia. Some of these alliances will include:

- agriculture and forest industry
- Department of Natural Resources
- lending institutions
- Department of Housing and Municipal Affairs
- Department of Finance
- Department of Justice
- Department of Economic Development
- Department of Fisheries and Aquaculture
- Department of Tourism and Culture
- colleges and universities
- Nova Scotia Federation of Agriculture

- Nova Scotia Community Pasture Board
- Agriculture and Agri-Food Canada
- Canadian Farm Management Institute
- extension to farmers and farm groups for educational purposes
- service groups to the public, including:
 - legal professions
 - appraisal professions
 - accounting professions
 - agricultural consulting professionals
 - other government agencies and departments

Core Business Functions

In order to carry out its mission and that of the Department of Agriculture and Marketing, the board is involved in the following three core businesses:

- Providing finance for the development of agricultural and timber businesses.
- Providing financial counselling and/or project assessments of rural operations.
- Assisting in sourcing the best available credit for rural operations.

Performance in 1999–2000

The province's agriculture and food industry has changed a great deal in the past decade. The Nova Scotia Farm Loan Board recognizes the positive benefits of change. The board has been proactive in meeting its clients' needs while providing a range of services when, and as, required. By providing access to capital the board estimates that over 1,200 jobs have been maintained and 268 new employment opportunities have been created in agriculture. Information compiled indicates that lending activity has created over \$20 million in increased client annual cashflow, \$8 million directly to construction related materials plus \$4 million to construction industry labour.

Initiatives undertaken with respect to specified goals in 1999–2000 were:

Goal 1:

Focus on access to stable, cost-effective, long-term developmental credit

- Provided counsel to 1,446 clients and for over 250 new applications and projects.
- Extended approximately \$25 million in loans to the agriculture and forestry

industries.

- Continued to restructure loans resulting in savings to clients.
- Investigated providing loan guarantees through the Farm Improvement and Marketing Act.
- Identified potential replacement options for the board's computerized loan administration and accounting systems.
- Enhanced administrative services through the use of new technology.
- Enhanced operational procedures through the incorporation of communication, quality, and service teams.
- Conducted a client survey on board policy and staff service, with returned surveys indicating a high degree of satisfaction with board policy and staff service.
- Enhanced the utilization of client services through the website.

Goal 2:
Identify and analyse growth opportunities for the agricultural industry.

- Reviewed and analysed over 250 applications and projects.
- Investigated loan guarantee programs through the Farm Improvement and Marketing Cooperatives Act.
- Financed new opportunities in agri-tourism and value-added production.

- Reviewed and forwarded recommendation for regulation changes for the Timber Loan Board.
- Assisted in the review and development of recommendations for a New Entrants Program with the Department of Agriculture and Marketing and the Nova Scotia Federation of Agriculture.
- Enhanced the utilization of client services through the website.

Goal 3:

Promote awareness and use of financially sound business principles.

- Provided educational material and presentations to industry, universities, and other sectors of government.
- Provided financial extension information, including transition management and estate-planning seminars for the agricultural community and the Nova Scotia Department of Agriculture and Marketing.
- Strengthened strategic alliances with all stakeholders in agriculture to foster future improvements.
- Administered the 1997 Weather-Related Loss Provision Program and 1998 Weather-Related Programs on behalf of the Department of Agriculture and Marketing.
- Assisted with the development and implementation of the 1999 Accelerated

Weather-Related Program in concert with the Department of Agriculture and Marketing and the Nova Scotia Federation of Agriculture.

- Assisted in the review and development of recommendations for a New Entrants Program with the Department of Agriculture and Marketing and the Nova Scotia Federation of Agriculture.

Priorities for 2000-01

In keeping with strategic goals outlined for the board, Department of Agriculture and Marketing, and government the following represents the board's planned actions for 2000-01:

Goal 1:

Focus on access to stable, cost-effective, long-term developmental credit

- Continue to counsel clients and assess new proposals by applicants.
- Provide \$35 million of lending capital to the agricultural and timber industries.
- Upon acceptance of recommended amendments to the Timber Loan Board regulations, the board implement the new regulations.

- Continue to review options related to loan guarantees with industry and other lenders.
 - Continue to refine the loan approval process.
 - Continue to enhance administration services through the use of new technology.
 - Assist the Department of Agriculture and Marketing, through a team approach, in any way possible, to provide a province-wide program delivery.
 - Continue to blend the land lease programs into the loan program.
 - Implement a New Entrants Program in concert with the Nova Scotia Department of Agriculture and Marketing.
 - Encourage farmers to utilize sound environmental and business planning practices and procedures.
 - Seek authorization for increased lending limits for the board.
- Goal 2:**
- Identify and analyse growth opportunities for rural industries.**
- Continue to review and analyse applications and projects.
 - Further review the potential for expansion of industry sectors.
 - Assist in identifying the specific sectoral

needs for credit, and work with the Department of Agriculture and Marketing and the Department of Natural Resources to implement the appropriate initiatives.

Goal 3:
Promote awareness and use of financially sound business principles

- Continue to counsel existing and new clients.
- Continue to participate with industry, government departments, and other lenders to improve business and financial information.
- Implement a New Entrants Program in concert with the Department of Agriculture and Marketing and the Nova Scotia Federation of Agriculture.
- Investigate various options to reduce risk for beginning farmers.
- Participate in transition management teams with the Department of Agriculture and Marketing and the Canadian Farm Management Council.
- Explore new lending programs in concert with the Department of Agriculture and Marketing and Nova Scotia Federation of Agriculture.
- Continue to refine systems to enhance services through technology based communications.

Human Resources

The board is responsible to the Minister of Agriculture and Marketing. Staff, through the Director and Chief Executive Officer, report to the board and to the Deputy Minister of the Department of Agriculture and Marketing. This allows the board to operate in harmony with the appropriate departments in order to achieve its mandate.

In recent years, staff have faced rapid changes in industry, parallel changes in the department, with new priorities and changing job roles and the challenge to work differently. Having a well-trained, highly motivated staff is critical to achieving business plan priorities.

Staff training and development continue to be a priority to meet the stated goals and continue to improve program and service delivery. Staff training related to requirements of Occupational Health and Safety regulations will continue during the next fiscal year.

Communications

To ensure that information concerning the board's policies and programs is available province wide, the board will communicate through electronic vehicles and articles in rural publications. A website is continually updated as the board's policies and procedures dictate.

The board will continue to receive client feedback through a survey process. This is an ongoing process established by the board. Based on survey results the board will continue to improve and modify systems and processes to allow for improved service delivery. The returned surveys indicate that clients have a high degree of satisfaction with the board's service (95 per cent). The main concern remains for staff to focus on loan processing and turnaround time. Thus, the board will continue to improve processes and policies to address client concerns, where warranted.

To properly determine whether the board is cost effective, systems are in place to track activities so that the board can review its mandate and communicate its future direction for an ever-changing industry.

Information Technology

The board, as a loan service provider, partners with many other financial lending institutions. In order to be successful, the board must provide its clients with a level of service that meets or exceeds those of other lending institutions. The key service advantages of the board are the ability to be flexible and the ability to provide financial counselling to clients, and the lending partners involved, to make the operation successful. Basic client services must keep up with industry standards in order to assist in the success of the individuals involved. The board also requires the flexibility to adapt to new business practices, as required, through implementation of new funding programs or industry change.

The current business processes used by the board to manage loans are primarily paper-driven, with many steps involving many people. This is particularly evident in the loan application process.

Current automation of the business consists of a single-user PC-based accounting system, spreadsheets being used as forms (for calculations), a loan management

program, a fire insurance application, a life insurance application, and a loss provision management program. Some of these existing applications function as stand-alone systems, with no integration or data sharing.

The accounting system requires data integrity support and flexibility to conform with current business practices and processes of the board. Currently, calculations and reports are not available from the existing systems, and some functions must be performed manually.

A needs assessment has identified new system requirements. An integrated loan management system to replace existing stand-alone system components, provide automation of manual processes, and serve as a tool for streamlining business processes is being investigated.

The board is evaluating potential software programs. Once the evaluations are completed and a suitable program is identified, the board can move forward with the implementation of an integrated system that will meet its business requirements. This will enable the board to be more efficient and flexible with respect to client services.

Budget

Nova Scotia Farm Loan Board Budget Recognizing Net Interest Allocation

In keeping with the government's ongoing commitment to achieve a balanced budget, the board in previous regulation reviews has moved to a matched funding loan program that would allow for cost recovery. The board has been tracking the cost and revenues related to interest on loans established after July 1, 1997. The revenue expense projections related to the board have allowed the board to move from reporting net losses of \$557,000 in 1998-99 to forecasting net revenues of \$1,301,000 in 1999-2000. Although it must be recognized that a one-time gain through a demutualization process with the life insurance carrier was received in this fiscal year, the board projections indicate future positive returns to the province for fiscal 2000-01.

1998-99 Actual	1999-2000 Forecast	Object	2000-01 Projected
\$11,332,000	\$12,050,000	Interest Revenues (a)	\$12,000,000
(\$10,830,000)	(\$10,420,000)	Interest cost	(\$10,000,000)
\$192,000	\$ 951,000	Fees and recoveries (b)	\$450,000
\$694,000	\$2,581,000	Total Revenue	\$2,450,000
(\$662,000)	(\$774,000)	Salaries and benefits	(\$840,000)
(\$188,000)	(\$126,000)	Other operating costs	(\$187,000)
(\$401,000)	(\$380,000)	Bad debt expense (c)	(\$400,000)
(\$1,251,000)	(\$1,280,000)	Total Expenses	(\$1,427,000)
(\$557,000)	\$1,301,000	Net Board Income (d) Excluding Programs	\$1,023,000

Notes:

- a. Revenues and expenditures for interest are not shown separately in Provincial Estimates. Interest expense is an imputed value based on provincial borrowing costs under an agreement between the Department of Finance and the board and is provided for reporting purposes only. Most interest income and expense are posted to Department of Finance accounts.
The interest expense agreement began in September 1997 and applied only to loans converted to the new program since that time. Interest expense is assumed to be equal to interest revenue for reporting purposes previous to conversion. By mid-1999, all Farm Loan and Timber Loan accounts became subject to this agreement. 1998-99 interest costs are estimated.
- b. In 1999-2000 a one-time demutualization proceeds were received from the Mutual Group. Funds in excess of requirements for the Insurance Reserve under the self-administered life insurance program are treated as a recovery in the operating accounts.
- c. Posted to Department of Finance accounts.
- d. Does not include allocations for the New Entrants to Agriculture Program of \$600,000 or Weather-Related Programs of \$5.3 million in fiscal 2000-01. These programs are administered by the board on behalf of the Department of Agriculture and Marketing.

Outcomes And Outcome Measures

The following are outcome measures for the board for fiscal 2000–01.

**Strategic
Goal**

Focus on access to stable cost-effective long-term developmental credit

Outcome	Indicator	Measure
• Stable agriculture and forest industry	• Registered farms in Nova Scotia • Farm income levels	• Maintenance of farm operations • Increase of farm income levels • Percentage of write-offs on loan portfolios
• The maintenance and creation of jobs in rural Nova Scotia	• Jobs maintained or created from lending activity	• Return of client survey indicating jobs maintained and/or growth
• Development of agricultural operators	• Lending activity	• Lending activity
• Targeted new entrances into rural businesses	• New farmers enter and stay in the agricultural businesses	• New Entrants Applications
• Improved lending programs for the agricultural and forestry industry	• Utilization of lending programs • Surveys of client satisfaction	• Lending activity

**Strategic
Goal**

Identify and analyse growth opportunities for agricultural industries

Outcome	Indicator	Measure
• Lending opportunities	• Lending activity by area and sector	• Dollars loaned over previous years
• Lending activity occurs in targeted sectors	• Lending activity by area and sector	• New agricultural industries' start-ups

Crown Corporation Business Plans

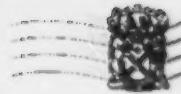
**Strategic
Goal**

Promoting awareness and use of financially sound business principles

Outcome	Indicator	Measure
• Successful agri-business operations	<ul style="list-style-type: none">• Applications for credit indicating improved business skills• Successful pay-out of loan accounts	<ul style="list-style-type: none">• Accounts successfully paid out for sound financial business reasons
• Heightened awareness of financial management skills	<ul style="list-style-type: none">• Applications for credit indicating improved business skills• Beginning farmers in agri-business	<ul style="list-style-type: none">• Clients starting new ventures• Accounts successfully paid out for sound financial business reasons

The overall outcome of the board's activity for 2000-01 is intended to meet the goals of the board, the Department of Agriculture and Marketing, and government. These goals will allow the board to fulfill its mission to promote, encourage, and support the development of agriculture and forestry industries in Nova Scotia.

Crown Corporation Business Plans



Nova Scotia Film Development Corporation

Business Plan 2000–01

Contents

Mission .....	.111
Strategic Goals .....	.111
Core Business Functions .....	.111
Performance in 1999–2000 .....	.112
Priorities for 2000–01 .....	.113
Human Resources .....	.114
Communications .....	.115
Information Technology .....	.115
Marketing and Distribution .....	.116
Budget 2000–01 .....	.117

Mission

To grow the film and video industry in Nova Scotia by stimulating investment and employment, and by promoting Nova Scotia's locations, skills and creativity in global markets.

Strategic Goals

Goal 1

To promote Nova Scotia nationally and internationally as an ideal business opportunity and location for film, video, and new media productions.

Goal 2

To promote within the Nova Scotia artistic and business community the opportunities in an expanding film and video industry.

Core Business Functions

Program Funding

The corporation provides funding for film production in the form of contributions, loans, and equity investments. Contributions are also made to industry training, marketing, and events. These programs create Nova Scotia property, which ensures that future profit stays in the province.

Tax Credit Administration

The corporation administrates the Nova Scotia Film Tax Credit, a fully refundable corporate income tax credit.

Information Services

(Consultation, Location Services and Resource Inventory)

The corporation provides education and consultation on various issues regarding film production and financing in Nova Scotia. Industry statistics, trends, and developments are tracked and reported.

The corporation aggressively markets Nova Scotia as a film location and produces an annual film and video guide that serves as one of our major marketing tools.

The corporation arranges Broadcaster Forums, which allow local filmmakers access to key decision makers in the broadcast field.

Performance in 1999–2000

- Commitment of \$2.5 million to film and television projects.
- Investment in projects with an estimated value in excess of \$120 million in production in Nova Scotia.
- Aggressive marketing to attract guest production revenue in excess of \$50 million.
- Financial assistance in projects including *The Divine Ryans*, *New Waterford Girl*, *Shelter*, *Loyalties*, *Blackfly*, and many others, which have won prizes at various festivals.
- Implementation of improvements to guidelines and criteria for program applications.
- Estimated registering of 24 projects for over \$6.5 million in tax credits.
- Training of 60 positions under the Film Industry Training Assistance Program.
- Provision of \$45,000 in assistance to the Atlantic Film Festival, \$20,000 for

the Centre for Art Tapes, \$24,000 for the Atlantic Filmmakers Co-operative, \$25,000 to the Atlantic Digital Media Festival, and \$30,000 to the Moving Images Group.

- Facilitation of a Film Familiarization Tour for Los Angeles-based producers.
- Facilitation of a film industry trade mission to New York.
- Hosting of an industry forum to provide training for the local production community and allow them to pitch television projects to 10 national broadcasters.
- Advance to the implementation stage of a film school in Nova Scotia.
- Assistance in opening two animation studios in Nova Scotia with local partners and a large Ottawa-based animation company.
- Facilitation in obtaining enhancements to the Nova Scotia Film Tax Credit.

Priorities for 2000–01

The Nova Scotia Film Development Corporation focuses on three main goals to fulfil our mandate:

- growing the local film industry
- attracting guest film projects
- providing the infrastructure required to attain the first two goals

The following actions will be taken to accomplish these goals:

- Establish a marketing and distribution program to assist local producers in marketing their television and feature film products; this has been identified as a crucial step in order to further our three main goals.
- Increase to 3,000, the number of Nova Scotians employed in filmmaking.
- Facilitate the renewal and enhancement of the existing Film Industry Tax Credit to 2004 to ensure stable financing of indigenous film and television projects and to remain competitive with the other provinces.
- Strategically invest in Nova Scotian productions that will increase industry value to \$200 million.
- Maintain the amount spent on service productions in Nova Scotia at an appropriate level to facilitate recognition of Nova Scotia as a film location, attract projects to the regions, and develop opportunities to enhance crew expertise.
- Increase the recoupment of investment in films and videos produced in Nova Scotia to an appropriate level annually.
- Create opportunities for Nova Scotia producers to access key export markets internationally to increase co-productions with partners from the UK, Germany, Scandinavia, and USA.
- Maintain regular dialogue with Canadian broadcasters such as CTV, CBC, City TV, Bravo, History, Discovery, Life, and Global to facilitate new broadcast licences.
- Invest in training to develop film crew expertise and increase to six the number of qualified crews available for production.
- Aid in establishing the infrastructure to maintain a leading market position, including a film school, film lab, and animation facilities.
- Provide employers in the industry with the best and most up-to-date government partnership tools available by monitoring trends and development in

the Canadian and international film industry.

- Integrate Nova Scotia film production with other successful sectors of the Nova Scotian entertainment industry and create synergy by providing useful programs and services to Nova Scotia's vital new media industry.
- Establish an effective interprovincial lobby to improve Nova Scotia's share of national film and video production funding.
- Encourage public/private partnership opportunities, allowing Nova Scotia producers to access additional private-sector funds.

Human Resources

Organizational Structure

The corporation's permanent staff is made up of a Chief Executive Officer, Director of Finance and Programs, Director of Training and Development, Locations Officer, and Office Administrator.

Communications

Key Message

The Nova Scotia film industry is a high growth, multi-million dollar industry that forms an integral part of Nova Scotia's economy. It is a labour-intensive, environmentally friendly knowledge-based industry that is attractive to our youth and helps to employ them in their home province. The film industry creates wealth that is spread throughout the whole province and an international profile for Nova Scotia that positively affects tourism and has many other spin-off benefits.

Role of the Corporation

The corporation is uniquely qualified and positioned to provide stable support to stimulate employment and investment in the Nova Scotia film industry. The Board of Directors of the corporation meets annually to review the corporation's strategy.

Growth and Strategic Advantage Message

The Nova Scotia film industry has grown significantly over the past six years from \$14 million in 1993 to \$119 million in 1998-99, and we expect the year ended

March 31, 2000 to exceed \$150 million. Nova Scotia's many talented filmmakers have been successful in combining their talents with the support of the province of Nova Scotia to generate this growth. The film industry in Canada has significantly outperformed the GDP in both service and goods production industries during this six-year period.

Employment Opportunities

By working with producers who are the employers in the industry, the corporation has been able to draw a large amount of investment to the province, which creates direct jobs in the film industry as well as spin-off benefits. So far this year the film industry has created 2,500 direct jobs in Nova Scotia. The corporation is also directly involved with the creation of training and professional development projects and the Nova Scotia Film Industry Tax Credit, all of which work to create meaningful long-term jobs for Nova Scotians.

Spin-off Benefits Message

A typical film production budget is nearly 50 per cent salaries and wages. This means that money is earned and spent directly in the province, which creates high direct and indirect spending as well as enhanced tax revenues for the province.

The media attention generated by the film industry and the film locations themselves enhances the promotion of marketing and tourism for the province.

Distribution Media

The Nova Scotia Film Development Corporation promotes its initiatives and successes via the following:

- national and international trade events
- advertising and promotion (including familiarization tours)
- Internet website
- annual production resource guide
- annual report
- newspaper and magazine articles
- television interviews
- speaking engagements

Information Technology

The corporation currently operates an independent local area network consisting of IBM-style machines and a stand-alone Power Mac used to develop the annual production guide. The principal uses are word processing, finance and accounting, business spreadsheets, and presentations.

All computers are Year 2000 compliant. An Internet website is updated quarterly and provides links to the international film industry including the Filmboard Berlin-Brandenburg, clients, and government.

the least risky money in the film and television industry. It is the last money paid out and the first money paid back. It is loaned to the film project and paid back from the first cash receipts on the project.

Marketing and Distribution

Distribution and marketing are crucial areas facing all of Canada's film and television industry, not just Nova Scotia's. Currently, all distribution channels are dominated by large American companies, and they are not interested in marketing Canadian films. Our producers can create wonderful films, but if they are not marketed and distributed properly, no one will see them. If NSFDC had the resources to establish a marketing and distribution program we would be able to assist our local producers in getting their film and television projects to market. Proper marketing and distribution will increase the opportunity for recoupm ent of our investment in these projects and future profit participation. Marketing and distribution money is

Budget 2000-01

Attached is a brief summary budget under three scenarios.

Budget A reflects a status quo investment in an industry that has demonstrated steady growth over the past six years.

Budget B provides for a marketing and distribution fund to assist our producers in selling their film and television projects more successfully. This will, in turn, increase NSFDC's recoupment and profit participation opportunity.

Budget C reflects a 15 per cent reduction from the prior year's allocation.

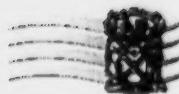
Nova Scotia Film Development Corporation *Budget March 31, 2001*

	<i>Industry Growth (A)</i>	<i>Maintain (B)</i>	<i>15% Reduction (C)</i>
Contributions			
Nova Scotia government			
existing programs	\$4,000,000	\$2,790,000	\$2,371,500
marketing & distribution programs	2,000,000	—	—
Recovery equity investments	200,000	200,000	200,000
Federal government	90,000	—	90,000
Interest income	50,000	25,000	25,000
	\$6,340,000	\$3,015,000	\$2,686,500
Disbursements			
Programming	\$3,771,060	\$2,535,020	\$2,164,320
Marketing & distribution			
Specific films/television projects	2,000,000	—	—
Atlantic film partners	90,000	—	90,000
Administrative	a 363,940	346,980	319,180
Advertising/marketing	b 115,000	133,000	113,000
	\$6,340,000	\$3,015,000	\$2,686,500

Nova Scotia Film Development Corporation
Budget March 31, 2001 (continued)

	<i>Industry Growth (A)</i>	<i>Maintain (B)</i>	<i>15% Reduction (C)</i>
Administrative Expenses			
Salaries and Benefits	\$274,940	\$237,180	237,180
Services and Supplies			
Telephone/fax	\$12,000	\$12,000	\$12,000
Staff training	4,000	3,000	3,000
Bank charges	1,500	1,500	1,500
Consultants (recoup't strategic)	10,000	10,000	8,000
Courier	5,000	7,000	5,000
Dues & fees	3,500	3,500	3,500
Insurance	1,500	1,500	1,500
Conferences & marketing	5,000	5,000	4,000
Board	15,000	35,000	15,000
Repairs	3,000	4,000	3,000
Capital equipment	2,000	4,000	2,000
Office	15,000	12,000	12,000
Copier & fax rental	6,000	5,800	6,000
Postage	5,000	5,000	5,000
Miscellaneous	500	500	500
	\$89,000	\$109,800	\$82,000
Total administrative	a \$363,940	\$346,980	\$319,180
Advertising/marketing expenses:			
Business Travel	20,000	35,000	20,000
Locations Officer &			
Public Relations Coordinator	34,000	38,000	34,000
Advertising	25,000	25,000	25,000
Familiarization tour	12,000	12,000	10,000
Annual report	8,000	8,000	8,000
Location scout	10,000	9,000	10,000
Photos & location services	6,000	6,000	6,000
	b \$115,000	\$133,000	\$113,000

Crown Corporation Business Plans



Nova Scotia Fisheries And Aquaculture Loan Board

Business Plan 2000-01

Contents

Introduction .....	.121
Mission .....	.122
Strategic Goals .....	.122
Core Business Functions .....	.122
Performance in 1999-2000 .....	.123
Priorities for 2000-01 .....	.123
Human Resources .....	.124
Communications .....	.124
Information Technology .....	.124
Budget .....	.125
Outcomes and Outcome Measures .....	.126

Introduction

Nova Scotia is the leading fishing province in Canada, a nation that is known as a world fishing power. We are fortunate to have a diversified industry, which can survive and prosper on its strengths while various segments suffer cyclical downturns. Our commercial fishery alone has an annual landed value of approximately \$540 million and a market value of approximately \$900 million; our aquaculture and recreational fishery sectors generate \$127 million more. The industry is the main employer in many regions of the province and drives the economies of our coastal communities.

As our fishery moves into the 21st century, we must maintain and enhance the traditional components of the industry, which over time have provided us with success. We must build on these segments, seeking out and developing new opportunities in aquaculture, the recreational fishery, coastal zone management, under-utilized species, and the processing sector. Whether it be with areas of provincial jurisdiction or with the marine fisheries, which are administered federally, personnel from the Nova Scotia Fisheries and Aquaculture

Loan Board must play an active role to ensure that fisheries policies and management strategies are good for Nova Scotia and the industry in this province. Our fishery is more than a way of life, it is a successful business; we must strive to keep it productive and internationally competitive.

The Nova Scotia Fisheries and Aquaculture Loan Board and its predecessor have served the province and the fishing industry since 1936, by providing development funding. The board operates under the authority of the Fisheries and Coastal Resources Act. This act, by its name, emphasizes the coastal community development focus of the board's operations.

Financing the growth of the coastal communities in Nova Scotia can best be accomplished, in continued cooperation with other lenders, through the program and services of the Nova Scotia Fisheries and Aquaculture Loan Board. Through this board the Nova Scotia government will ensure it has a cost-effective, positive, focused, and beneficial influence on the development of the fishing and aquacultural industries and of coastal Nova Scotia.

Mission

To serve, develop and optimize the harvesting segment of the Nova Scotia fishing and aquaculture industries, for the betterment of our coastal communities and the province as a whole.

Strategic Goals

Goal 1

Protect the interests of Nova Scotia as policies are developed for the management of the commercial fishery in Nova Scotia.

Goal 2

Increase production and market value from the aquaculture industry in Nova Scotia.

Goal 3

Assist in the development of commercial fisheries that target non-traditional species.

Goal 4

Optimize the productivity and competitiveness of the boatbuilding and harvesting sectors in coastal communities.

Goal 5

Ensure compliance with provincial acts and regulations.

Goal 6

Allow licences, individual transferable quotas (ITQs) and enterprise allocations (EAs) to be considered as valued assets for the purpose of determining loan arrangements through the Fisheries and Aquaculture Loan Board.

Goal 7

Replace the older vessels in the fleet with modern efficient boats or upgrade these older vessels to meet today's safety and efficiency standards.

Goal 8

Ensure compliance with federal acts and regulations as they relate to fisheries management.

Core Business Functions

- Representing the Nova Scotia fishing industry at all levels of management consultations, such as the Canadian Marine Advisory Council.
- Assisting with the development of new fisheries that target non-traditional species to enhance the harvesting sector.

- Administering loans issued through the Nova Scotia Fisheries and Aquaculture Loan Board.
- Enforcing the Fisheries and Coastal Resources Act and regulations.
- Providing technical and extension support for the commercial, aquaculture, and boat building sectors of our fishing industry.
- Inspecting vessels under construction and all other vessels financed by the board to ensure the security of the loan portfolio, which has an estimated asset value of \$100-\$135 million.

Performance in 1999–2000

- Lending programs for aquaculture were administrated by the loan board, having been transferred from the Economic Renewal Agency three years ago.
- The board has responsibility for the working capital loan guarantee program. This is a five-year, \$10-million program to assist aquaculturists with their working capital requirements; the program is administered with the chartered banks.
- The funding of vessels to engage in the harvesting of non-traditional species

such as sea urchins, rock crabs, billfish, and inshore shrimp.

- Initiatives to support coastal communities included funding commercial aquaculture operations, working with boat-builders to encourage the construction of world-class fishing vessels, and board policies that support this sector.
- Loans administered through the Loan Board are well serviced by clients in the fishing and aquaculture sectors. Successful lending practices are demonstrated by low delinquency levels and few customer complaints.
- The Groundfish Loan Deferment Program was extended until March 31, 2001, which eases the hardships being suffered by groundfishers as a result of quota reductions and area closures.
- User fees have been implemented to generate revenue for the division.
- The lending budget was fully utilized by the fishing and aquaculture sectors.

Priorities for 2000–01

- To facilitate the replacement and upgrading of older vessels in each fleet.
- To continue Loan Board collection activities on a consistent basis with fair and equitable treatment for each customer.

- To have additional members appointed to the Loan Board.
- To minimize write-offs by utilizing wise credit practices when approving or recommending loans.
- To serve the fishing industry by effectively carrying out divisional core functions.
- To obtain some of the profit generated by the loan portfolio from the Department of Finance.
- To have the Loan Board's lending budget set at \$14.0 million.

Human Resources

There are no major human resource initiatives planned in the fiscal year 2000-01. During the last six/seven years the Loan Board staff have been reduced from 18 to 9 full-time positions, and any further staff reductions would seriously effect the delivery of Loan Board services to the fishing industry. The board requires the services of an additional loan officer, and this problem must be addressed on an urgent basis.

Communications

No major initiatives are planned in this area for the 2000-01 fiscal year.

Information Technology

All nine staff members have computers, and three are connected directly to the Department of Finance. As part of the Department of Fisheries and Aquaculture, the Loan Board has set up a home page on the department's website.

Budget

The Fisheries and Aquaculture Loan Board's operating budget is incorporated with the department's budget each year. The Loan Board participates every year in government's and the department's financial management and accountability

initiatives. The operating budget for the 1999-2000 fiscal year is \$489,000, and the lending budget for the Loan Board is determined by government early in each fiscal year; the amount for 1999-2000 is \$14,000,000 net.

1998-99 Actual	1999-2000 Forecast	Object	2000-01 Estimate
423,730	466,400	Salaries & benefits	466,297
93,865	97,200	Operating costs	128,100
nil	nil	Grants & contributions	nil
517,595	563,600	Gross expenditures	594,397
72,604	75,000	Less: fees & recoveries	106,700
444,991	488,600	Net expenditures	487,697

For the fiscal year 1998-99 principal repayments totalled \$9,267,067, and interest payments totalled \$2,944,245.

Outcomes and Outcome Measures

- Full utilization of the Loan Board lending budget, which demonstrates that the demand for our service exists: gross loans for 1998-99 were \$13,916,075.
- The maintaining of approximately 8,900 direct and indirect jobs in the province's coastal communities.
- Low delinquency rates.
- Few customer complaints
- Low write-offs and low Reserve for Bad and Doubtful accounts.
- The financing of young fishers and young aquaculturists, who are the future in an ever-changing industry.
- Consistently high interest revenues.
- Offshore demand for Nova Scotia-built boats due to quality construction as a result of rigorous vessel inspections on board-financed vessels.
- Ninety-three new loans financing 46 new vessels constructed; 37 other loans such as vessel upgrades, used boat purchases, and engine/equipment installations.
- Twenty aquaculture operating capital loans.

Crown Corporation Business Plans



Nova Scotia Gaming Corporation

Business Plan 2000–01

Contents

Introduction	129
Corporate Overview	130
Mission	135
1999–2000 Goals in Review	135
1999–2000 Financial Results	138
2000–01 Goals	140
2000–01 Operating Budget	143

Note: NSGC's business plan and budgets are significantly dependent on the business plans and budgets of its operators, the Atlantic Lottery Corporation (ALC) and the Metropolitan Entertainment Group (MEG). ALC's and MEG's business plans and budgets have been received but are not expected to be approved by NSGC until April 2000.

Introduction

Background

The Nova Scotia Gaming Corporation (NSGC) was established in 1995 with the exclusive mandate to conduct and manage the province's gaming activities. The day-to-day operations of these gaming activities are carried out by its operators, the Atlantic Lottery Corporation (ALC) and the Metropolitan Entertainment Group (MEG). NSGC reviews and approves the annual business plans and related budgets of its operators and monitors their performance throughout the year according to these plans and budgets. Through the business planning process, NSGC defines, among other things, its priorities for the year.

In March 1999, NSGC served notice to ALC of its intention to withdraw its video lottery business from ALC on November 30, 1999 and its ticket lottery business on March 31, 2000 and to withdraw as a shareholder on March 31, 2000.

On January 21, 2000, an agreement in principle was reached among the shareholder provinces whereby NSGC will receive an annual profit adjustment effective from April 1, 1999. Based upon the new profit-sharing formula, NSGC's increase in profits

was initially estimated at \$4.9 million for 1999–2000. The \$4.9-million figure has been subsequently reduced to \$4.2 million for 1999–2000 based on ALC's correction in the original figures. In addition, NSGC will receive \$500,000 from New Brunswick for the next three years in lieu of a retroactive adjustment.

The agreement will better define NSGC's agency agreements with ALC to reflect ALC's role as operator for NSGC's ticket lottery and video lottery businesses in Nova Scotia, subject to NSGC's oversight and direction. In addition, an independent review of the economy, efficiency, and effectiveness of ALC will be undertaken under the supervision of ALC's shareholders.

NSGC's business plan has been prepared based upon a continued relationship with ALC, assuming a satisfactory completion of the contracts to support the agreement in principle.

Objectives of the Business Plan

The objectives of the 2000–01 business plan are

- To serve as a blueprint for NSGC's activities during fiscal 2000–01.
- To define specific goals that will be used by the corporation and its stakeholders to measure its performance.

Business Plan Period

This business plan is for the fiscal year April 1, 2000 to March 31, 2001.

Corporate Overview

Corporate Mandate

Gaming was legalized in 1976 in Nova Scotia with the introduction of lottery tickets. In 1991, video lottery gaming in the province was also legalized. With the establishment of casinos in 1995, the Nova Scotia gaming regime was modernized through the introduction of the Gaming Control Act. This act separated the business of gaming from the regulation, study, and evaluation of gaming. This was achieved through the creation of the Nova Scotia Alcohol and Gaming Authority (NSAGA) for the regulation, study, and evaluation of gaming and the Nova Scotia Gaming Corporation (NSGC) for the conduct and management of the business of gaming.

NSGC's objectives are defined in the Gaming Control Act as follows:

- Develop, undertake, organize, conduct, and manage casinos and other lottery schemes.

- Provide for the operation of casinos and any business that the corporation considers reasonably related to operating a casino.
- Ensure that lottery schemes conducted and managed by the corporation are conducted and managed in accordance with the Criminal Code of Canada and the Gaming Control Act and the Regulations.
- Do such other things in respect of lottery schemes, as the Minister responsible for Part I of the Gaming Control Act or the Governor in Council may from time to time require.

NSGC currently delegates the day-to-day operations of its businesses to its two operators:

1. ALC for video and ticket lotteries
2. MEG for the casino operations in the province.

NSGC exercises its conduct and management mandate as follows:

- Develops policy and strategic directions for gaming activities in Nova Scotia.
- Reviews and approves annual business plans and budgets for its operators.
- Manages performance of its operators against annual plans and budgets.

- Ensures compliance with operators' contracts, the Criminal Code of Canada, the Gaming Control Act, and the Regulations.

Business Overview

Introduction

NSGC currently conducts and manages the following gaming activities:

- ticket lotteries
- video lotteries
- casinos

The day-to-day operations of the ticket and video lottery programs of NSGC are carried out by its operator, ALC. ALC also operates similar programs for the other three Atlantic provinces. ALC was incorporated in 1976 under the Canada Business Corporations Act and is equally owned by NSGC and the three other Atlantic provinces or their agents.

The casinos in Halifax and Sydney are operated by MEG, a partnership between Starwood Canada Corporation (formerly ITT Sheraton Canada Ltd.) and Purdy's Wharf Development Limited. On December 29, 1999, Starwood Canada transferred its partnership interest in MEG to Park Place Entertainment Scotia

Limited, a subsidiary of Park Place Entertainment Corporation (PPE).

Additionally, NSGC, through the Nova Scotia Harness Racing Incorporated (NSHRI), is involved in the marketing, promotion, and funding of harness racing through the ALC Harness Racing Corporation Incorporated (ALCHRC).

Ticket Lottery Products

ALC employs 492 people, of whom approximately 300 are located at its head office in Moncton, New Brunswick. ALC has 69 employees in Nova Scotia at regional offices in Dartmouth and Sydney.

Through ALC and the Interprovincial Lottery Corporation (ILC), NSGC offers a variety of ticket lottery games to the public in Nova Scotia. Table 1 provides an overview of these games and Table 2 depicts the distribution of projected gross 1999–2000 sales by game type in Nova Scotia.

Table 1
Current Games

Game Type	Games	Description
National Games	Lotto 6/49	A \$1 national lottery game that offers jackpots of \$1 million or more.
	Super 7	A \$2 national lottery game that offers jackpots of no less than \$2.5 million.
Regional Games	Pik 4	A mini-Keno game using Lotto 6/49 winning numbers.
	Atlantic Choice	A Keno game drawn three times a week.
	TAG	A \$100,000 spiel game played in conjunction with Lotto 6/49, Super 7 or Pik 4.
Instant Tickets	Various games	Scratch 'n Win tickets that let a player know instantly whether it is a winner and what the prize is. All instant ticket wins are validated on-line.
Breakopen	Various games	Similar to instant tickets, but no on-line validation is required.
Sport Select	Pro-line	Player predicts the outcomes of professional sporting events.

Table 2
1999-2000 Projected Gross Sales Distribution by Game Type

	Sales (\$m)	% of Total Sales
National Games	69.7	35.5%
Regional Games	22.2	11.3%
Instant Tickets	78.4	40.0%
Breakopen	19.6	10.0%
Sport Select	6.3	3.2%
Total	196.2	100.0%

Video Lottery

Products

The video lottery games are contained in individual video lottery terminals (VLTs) and vary by manufacturer and model of VLTs.

NSGC, through ALC, operates 3,234 VLTs in the province. The VLTs are in operation in liquor licensed establishments 17 hours per day, seven days a week.

The video lottery retailers are directly serviced by an ALC sales staff of six and a technical service staff of 28, all located in Nova Scotia.

The current product mix is as follows:

Manufacturer & Model	Number of VLTs	Age
Spielo LEL	2,425	8-9 years old
VLC	30	8-9 years old
IGT	471	6 years old
Spielo BB101	308	3-4 years old
Total	3,234	

With few exceptions, the payout on these products ranges from 90 per cent to 95 per cent of the amount played. The four most popular games are Swinging Bells, Bonus Joker Poker, Double Bonus, and Red Hot 7s, and they all have a payout of 95 per cent. Under the VLT Regulations, the minimum payout percentage in Nova Scotia is 80 per cent.

NSGC also supplies, through ALC, approximately 400 VLTs to 9 of the 10 First Nations bands that have entered into gaming agreements with the Province of Nova Scotia. ALC supplies the VLTs to 8 bands for a flat administration fee of \$56 per VLT per week. One band continues to operate under an earlier agreement, which charged an administration fee based on a percentage of revenue.

Casinos

NSGC conducts and manages two casinos in the province: Casino Nova Scotia—Halifax and Sydney. The day-to-day operations of both casinos are carried out by NSGC's operator, MEG.

The Halifax casino is currently housed in an interim facility on the waterfront within the Sheraton Halifax hotel. It occupies 35,201 dedicated square feet with an additional 13,905 square feet of shared space. Approximately 18,000 square feet is dedicated to gaming. It currently operates 34 tables offering a variety of games including Blackjack, Roulette, Let-it-Ride Poker, Caribbean Stud Poker, Mini Baccarat, Baccarat, Red Dog, Double Deck Blackjack, and Big Six. There are 565 slot machines in denominations of \$0.05, \$0.25, \$1, \$2, \$5, \$25, and \$100.

The Halifax casino employs approximately 479 people at its interim facilities. Upon completion of the permanent casino, the number of employees is expected to increase to 750-780.

Construction on the permanent Halifax casino is scheduled to be completed in April 2000. The permanent Halifax casino will be approximately 130,000 square feet of total building area and will include 33,000 square feet of dedicated gaming area, housing 38 tables and 692 slot machines.

The Sydney casino, located on the island of Cape Breton, is a permanent facility with a sports theme and a relaxed atmosphere reflecting its location adjacent to Centre 200 sports arena. It occupies approximately 41,900 square feet, 15,384 of which are dedicated to casino gaming. The facility includes a 104-seat restaurant and 83-seat lounge with a stage suitable for live entertainment.

The Sydney casino operates 14 tables offering Blackjack, Roulette, Let-it-Ride Poker, Poker, and Red Dog. There are 353 slot machines in denominations of \$0.25, \$1, \$2, \$5, and \$25.

The Sydney casino employs a total of 226 persons.

The Halifax casino operates 24 hours a day, seven days a week. The Sydney casino operates 24 hours a day on Fridays and Saturdays and from 11:00 am to 3:00 am Sundays through Thursdays. Both casinos are closed on Good Friday, Easter Sunday, Remembrance Day, and Christmas Day.

Harness Racing

Harness racing in Nova Scotia consists of both live races at racetracks and races simulcast from racetracks in and outside of the Maritime provinces. There are three racetracks in Nova Scotia: Truro, Inverness, and Tartan Downs (Sydney), as well as five teletheatres operating in various locations.

Harness racing has been a declining industry in recent years, and many of the racetracks, including those in Nova Scotia, are experiencing financial difficulties. In order to revitalize this industry, the Council of Maritime Premiers recommended in 1997 that marketing, promotion, and funding of harness racing for a three-year period be transferred to ALC.

ALCHRC acts as NSHRI's agent to market and promote harness racing in Nova

Scotia. NSHRI manages ALCHRC's activities through its approval of annual plans and related operating and capital budgets.

NSHRI funds ALCHRC's involvement in harness racing in Nova Scotia from the Nova Scotia Harness Racing Fund, a special fund created pursuant to the Nova Scotia Harness Racing Incorporated Regulations made under the Provincial Finance Act and the Gaming Control Act. NSGC contributes to the fund as authorized and directed by the Minister of Finance.

Mission

*To conduct and manage gaming
in Nova Scotia to maximize
net revenues to Nova Scotia
in a responsible manner.*

As NSGC delegates its day-to-day operations to its operators, ALC and MEG, this mission statement implies the following:

- Both ALC and MEG operate in an effective and efficient manner to maximize their revenues to NSGC.
- Both ALC and MEG comply with the

requirements of the Criminal Code of Canada, the Gaming Control Act and the Regulations.

- Both ALC and MEG respond to the policy and strategic direction provided by NSGC.

The corporation is managed by a Board of Directors of three to five persons. The current board consists of three members. In accordance with the Gaming Control Act, the board reports to the Minister of Finance on a quarterly and annual basis.

1999–2000 Goals in Review

In the 1999–2000 business plan, NSGC established a number of goals and program priorities. This section provides an overview of key goals and the related actual performance in 1999–2000.

Corporate Goals

1. To achieve a total net income of \$147.2 million (excluding win tax of \$15.5 million paid directly to the Province of Nova Scotia).

Based upon actual results to January 31, 2000 (casino) and February 29, 2000 (ALC) and projections to year-end, including the adjustments resulting

from the agreement in principle with ALC, \$152.8 million is expected to be achieved (excluding the Casino Win Tax of \$16.1 million to be paid directly to the Province of Nova Scotia).

2. To complete a five-year corporate strategic plan.

The five-year corporate strategic plan was deferred due to the suspension of NSGC's intended withdrawal of its video lottery and ticket lottery businesses from ALC. This project will be reassessed following completion of the contracts to support the agreement in principle reached January 21, 2000 regarding NSGC's continued participation in ALC.

3. To have a new CEO in place.

A new CEO has been appointed.

Ticket Lottery Goals

4. To achieve revenues of \$196.6 million.

This goal may not be achieved, and based on results to February 29, 2000, ticket lottery revenues are projected to be \$196.2 million.

5. To achieve a net profit of \$43.1 million.

Based on results to February 29, 2000, ticket lottery profit is projected to be \$44.0 million.

Video Lottery Goals

6. To achieve net revenues of \$138.8 million.

Based on results to February 29, 2000, net revenues are projected to be \$139.4 million even though the VLT redeployment initiative, representing an additional \$1 million in net revenues, has been suspended. This is due to continued revenue increases due to the timely and effective management of VLT inventory, software upgrades, and increased player demand.

7. To achieve a net profit of \$97.6 million.

Based on results to February 29, 2000, net profit is expected to be \$100.7 million.

8. To achieve a net revenue of \$803 per VLT per week.

Net revenue per VLT per week for the period April 1, 1999 to February 29, 2000 was \$820.

Casino Gaming Goals

9. To achieve an average net win of \$924 per table per day for Halifax and \$357 for Sydney.

Based upon operating results to January 31, 2000, net win per table for Halifax is currently \$919 per day, \$5 behind budget but \$94 ahead of the

prior year. However, table revenues of \$9.0 million for the year to date are only slightly higher than the prior year, by approximately \$100,000. The significant increase in win per day over the prior year is due to fewer tables on the floor. The number of tables on average in the prior year was 36, while during the current year the average is 32.

Based upon operating results to January 31, 2000, net win per table for **Sydney** is currently \$302 per day, \$55 less than budget but \$7 ahead of the previous year. However, table revenues of \$1.2 million for the current period to date are lower than the prior year by \$186,000. The increase in net win per day over the prior year is due to fewer tables on the floor. The number of tables on average in the prior year was 16, while during the current year the average is 14.

10. To achieve an average net win of \$212 per slot machine per day for Halifax and \$191 for Sydney.

Based upon operating results to January 31, 2000, net win per slot for Halifax is currently \$214, \$2 ahead of budget and \$16 ahead of the previous year. Slot revenues for the period to date are \$36.8 million approximately \$3.3 million ahead of prior year. The number of slot machines on the floor is on average the same as prior year, 568.

Based upon operating results to January 31, 2000, net win per slot for Sydney is currently \$202, \$11 ahead of budget and \$10 ahead of the previous year. Slot revenues for the period to date are \$21.6 million, approximately \$1.2 million ahead of the prior year. The number of slot machines on average in the prior year was 351, and 353 for the current year.

11. To complete the construction of the permanent casino in Halifax not later than January 2000.

According to MEG's current construction schedule, construction is expected to be completed on April 24, 2000.

Harness Racing Goals

12. NSGC's financial contribution not to exceed \$1.8 million for this year.

This original goal of \$1 million in financial contribution will not be achieved, as it is expected that the actual loss to March 31, 2000 will be \$1.8 million. Wagering, and specifically wagering on live races at the race-tracks, is expected to be well below budget.

1999–2000 Financial Results

Projected Operating Results to March 31, 2000 (\$,000)

Revenues	1999–2000 Revised Budget	1999–2000 Projected	1998–99 Actual
Atlantic Lottery Corporation	(1)		
Ticket lottery	\$196,610	\$196,239	\$187,037
Video lottery	138,821	139,400	130,182
Revised profit allocation	—	4,200	—
Payment from New Brunswick	—	500	—
Halifax Casino Nova Scotia			
Casino	51,397	53,784	50,192
Beverage, food and other	1,175	1,760	1,317
Late completion fee	1,970	—	—
Sydney Casino Nova Scotia			
Casino	26,005	26,795	25,686
Beverage, food and other	1,765	1,837	1,751
Interest on HST dispute	—	1,193	—
Interest income	—	207	—
Total Revenues	\$417,743	\$425,915	\$396,165

Expenses

Atlantic Lottery Corporation

Ticket lottery expenses			
–Prize expense	\$101,731	\$101,978	\$100,632
–Retailer commissions	18,291	18,265	16,743
–Corporate operating costs	33,488	31,962	30,993
Video lottery			
–Retailer commissions	29,704	29,750	32,839
–Corporate operating costs	11,474	8,950	8,591

Nova Scotia Gaming Corporation

Projected Operating Results to March 31, 2000 (\$,000) (continued)

Halifax Casino Nova Scotia

Casino win tax	10,280	10,757	10,038
Operating	25,819	26,282	25,341
Payments to operator	6,278	7,018	7,026
<hr/>			
Sydney Casino Nova Scotia			
Casino win tax	5,201	5,359	5,137
Operating	14,564	13,942	13,558
Payments to operator	5,997	6,160	6,459
<hr/>			
Special Payments			
Responsible Gaming Program	—	539	—
Harness Racing Fund	1,800	1,800	1,986
NS Gaming Foundation	692	692	762
Sport & Recreation Commission	100	100	100
Department of Agriculture & Marketing	50	50	50
Department of Education and Culture	50	50	50
NSGC management expenses	2,199	2,300	1,630
Ticket and Video Lotteries	—	1,275	—
Repatriation Costs			

Total Expenses \$267,718 \$267,237 \$261,935

Net Operating Income \$150,025 \$158,678 \$134,230

Income Guarantee—

Repayment to Operator (2,784) (5,866) (1,663)

Net Income \$147,241 \$152,812 \$132,567

Total Payments to Province of Nova Scotia

NSGC net income	\$147,241	\$152,812	\$132,567
Casino win tax	15,481	16,116	15,175
	<hr/> \$162,722	<hr/> \$168,928	<hr/> \$147,742

(1) On September 15, 1999 NSGC was requested to provide for the Minister of Finance an updated 1999-2000 Operating Budget, which revised net income from \$144,974 to \$147,241.

2000–01 Goals

Corporate Goals

1. To achieve a total net income of \$157.8 million, excluding casino win tax of \$19.0 million paid directly to the Province of Nova Scotia.
2. To complete a five-year Corporate Strategic Plan.

Ticket Lottery Goals

3. To achieve a net profit of \$58.8 million.

Video Lottery Goals

4. To achieve a net profit of \$106.8 million.
5. To achieve an average net revenue of \$882 per VLT per week.

Casino Gaming Goals

6. In Halifax, to achieve an average net win per table per day in excess of \$968. In Sydney, to achieve an average net win of \$349 per table per day.
7. In Halifax, to achieve an average net win per slot per day in excess of \$222. In Sydney, to achieve an average net win of \$192 per slot per day.

Harness Racing Goals

8. To evaluate and implement, where appropriate, the recommendations of the independent review of ALCHRC's continued involvement, if any, in the harness racing industry in Nova Scotia.

In late March 2000, government made a decision to provide financial support to the Nova Scotia harness racing industry. The responsibility and accountability for this support will now reside with the Department of Agriculture and Marketing. The financial support will be up to \$1 million for fiscal year 2000–01. The mechanism for flowing the money and the accountability structure to ensure the appropriate disposition of the funds has not yet been finalized and will be determined in consultation with stakeholders over the next two months.

2000–01 Programs

Corporate Programs

1. To amend agency agreements with ALC.

NSGC's agency agreements with ALC will be amended to better reflect ALC's role as the operator for NSGC's ticket lottery and video lottery businesses in Nova Scotia, subject to NSGC's oversight and direction. These agreements

will reflect Nova Scotia law and Nova Scotia policy considerations. These agreements will also take into account certain functions common to all provinces, such as human resources, premises, and finance and administration. ALC's corporate governance will be amended to give effect to the uniqueness of Nova Scotia's agency relationship as well as a common shareholder relationship as described above.

2. To complete an efficiency study of ALC.

The shareholders of ALC have agreed that an efficiency study will be conducted by external consultants to ensure that ALC's operations are effective and efficient in carrying out its agency role. The external consultants will be engaged by the board of ALC, and this engagement will be led and managed by the board.

3. To complete a five-year Corporate Strategic Plan.

In 2000-01, NSGC will continue the corporate strategic planning process that includes the following key activities:

- define overall corporate directions including the development of a mission statement, values of the organization, and corporate objectives and strategies
- develop annual goals and programs for the five-year planning period

- define resource requirements for the implementation of its strategies and programs
- develop an implementation plan for NSGC's new directions and strategies.

4. To complete an organizational review.

One of the corporate programs included in the 1999-2000 business plan was to complete an organizational review and consider the strategic direction for NSGC. This project was on hold due to the suspension of NSGC's intended withdrawal from ALC and will resume in 2000-01.

5. To implement and enhance the Corporate Communications Strategy.

Public accountability and full and timely disclosure of information are recognized as an integral part of NSGC's business. This year, the corporate communications strategy will be further implemented to accomplish these business objectives. New initiatives to address public accountability and disclosure of information will include the following items:

- the creation of a corporate website as a means for better communication with stakeholders
- the development of a public speaking program for the CEO.

Corporate communications will be directed at establishing NSGC as a Crown corporation responsible for the conduct and management of the business of gaming as distinct from:

- the government, which is responsible for public policy issues related to gaming
- NSAGA, which is responsible for the regulation, licensing, and study of gaming
- NSGC's operators, MEG and ALC, which are responsible for the day-to-day operations of NSGC's gaming businesses.

The annual report and the annual business plan will continue to serve as key information tools for NSGC. Distribution of these key corporate documents will be expanded. Regular communications with stakeholders will be enhanced.

Media relations will remain a priority and NSGC will provide full and timely disclosure of information in response to media inquiries.

6. To investigate the possibility of upgrading NSGC's financial accounting and reporting system.

7. To complete a review of the video and ticket lottery regulations.

During 1999–2000, NSGC examined existing regulations related to ticket and video lotteries and identified areas for potential regulatory amendment to enhance the existing regime. NSGC will continue with this examination in 2000–01.

8. To identify and explore business development opportunities.

Consistent with NSGC's mandate to maximize revenues in a responsible manner, NSGC will explore new revenue opportunities and strategies to enhance future growth.

2000–01 Operating Budget (\$000)

Revenues	2000–01 Budget	1999–2000 Projected
Atlantic Lottery Corporation		
Ticket lottery	\$210,938	\$196,239
Video lottery	149,300	139,400
Revised profit allocation	—	4,200
Payment from New Brunswick	500	500
Halifax Casino Nova Scotia		
Casino	67,083	53,784
Beverage, food and other	7,711	1,760
Sydney Casino Nova Scotia		
Casino	28,110	26,795
Beverage, food and other	1,717	1,837
Interest on HST dispute	—	1,193
Interest income	—	207
Total Revenues	\$465,359	\$425,915

Expenses

Atlantic Lottery Corporation		
Ticket lottery		
–Prize expense	\$110,676	\$101,978
–Retailer commissions	16,895	18,265
–Corporate operating costs	24,606	31,962
Video lottery		
–Retailer commissions	31,900	29,750
–Corporate operating costs	10,600	8,950
General overhead	9,117	—

2000-01 Operating Budget (\$000) (continued)

Expenses	2000-01 Budget	1999-2000 Projected
Halifax Casino Nova Scotia		
Casino win tax	13,417	10,757
Operating	44,180	26,282
Payments to operator	16,855	7,018
Sydney Casino Nova Scotia		
Casino win tax	5,622	5,359
Operating	14,754	13,942
Payments to operator	6,023	6,168
Special Payments		
Responsible Gaming Program	200	539
Harness Racing Fund	—	1,800
NS Gaming Foundation	608	692
Sport & Recreation Commission	100	100
Department of Agriculture & Marketing	50	50
Department of Education and Culture	50	50
NSGC management expenses	2,500	2,300
Ticket and Video Lotteries	—	1,275
Repatriation Costs		
Total Expenses	\$308,153	\$267,237
Net Operating Income	\$157,206	\$158,678
Income Guarantee—		
Repayment to Operator	574	(5,866)
Net Income	\$157,780	\$152,812
Total Payments to Province of Nova Scotia		
NSGC net income	\$157,780	\$152,812
Casino win tax	19,039	16,116
	\$176,819	\$168,928

Assumptions/Comments

1. *ALC has prepared a business plan and budget for 2000-01. The business plan has been approved by the Board of Directors of ALC, however the operating and capital budgets have not yet been approved. NSGC's budget is based on the unapproved ALC budget. NSGC's budget will be revised, if warranted, at such time as ALC's operating and capital budgets are approved by the Board of Directors of ALC.*
2. *The budget assumes that the repatriation of the ticket and video lotteries will not take place and has incorporated estimates regarding the Agreement in Principle on the revised profit-sharing arrangement with ALC. As a result, \$4.4 million has been included as an estimate of the expected profit under the new arrangement for 2000-01. Additionally, NSGC is projected to recover \$500,000 in the next three years (2000-01, 2001-02, and 2002-03) from New Brunswick in lieu of a retroactive adjustment.*

The 1999-2000 projections are presented on the basis of the previous profit-sharing formula. NSGC has included a one-line adjustment of \$4.2 million to reflect the impact of the new formula. The 2000-01 budget is presented on the basis of the new profit-sharing formula agreed to by the shareholder provinces on January 21, 2000. Accordingly, no line adjustment was required.

The budget includes \$1,257,400 in lease expense and other costs related to significant capital projects under way at ALC for Nova Scotia.

3. *On December 15, 1999, NSGC wrote to MEG indicating that it objected to, and did not approve, specific aspects of the operating budget. Based on the information it had been provided to December 15, 1999, NSGC was unable to satisfy itself that the revenues projected and a number of the expense line items for the Halifax permanent casino complex were reasonable and that the budget was that which would be expected to be provided by a reasonable and prudent operator of a first-class casino and related facilities.*

NSGC has prepared its 2000-01 operating budget for the Halifax permanent casino for revenue and expense projections by utilizing a growth in gaming revenues over the interim of 25 per cent and an increase in the food/beverage and other revenues of 10 per cent. The expenses were adjusted accordingly to reflect a gross operating profit margin of approximately 44.8 per cent. MEG has indicated that these projections would be an optimistic outcome for the first year of operations for the Halifax permanent casino.

4. *Sydney casino revenues and expenses are estimated based on MEG's 2000 business plan and operating budget adjusted for HST.*
5. *In late March 2000, government made a decision to provide up to \$1 million in financial support to the Nova Scotia harness racing industry in 2000-01. These funds are to be provided by NSGC as directed by government. The 2000-01 Operating Budget does not reflect this payment because NSGC's net income figure of \$157.8 million has already been submitted to the Department of Finance to complete the government's revenue estimates. In order to reconcile to the estimates, the \$ 1-million funding is not included in NSGC's expenses at this time. This adjustment will, however, be incorporated into the government's first quarter forecast ended June 30, 2000.*

Crown Corporation Business Plans



Nova Scotia Government Fund Limited

Business Plan 2000-01

Contents

Introduction	149
Mission	150
Strategic Goals	150
Core Business Function	151
Priorities for 2000-01	151
Human Resources	151
Budgeting Context	151

Introduction

The NSGF is a vehicle for foreign investors to invest in businesses located in Nova Scotia while meeting the qualifications of investors as Canadian permanent residents under the Business Immigration Program of the Government of Canada.

The Nova Scotia Government Fund Limited (NSGF) was incorporated on December 16, 1994, under the Companies Act (Nova Scotia). It was approved by Citizenship and Immigration Canada as a government-administered venture capital fund pursuant to the Immigration Regulations (1978).

Individuals who had successfully operated, controlled, or directed a business or commercial undertaking were able to subscribe to the NSGF subject to a number of conditions. The minimum investment is \$250,000 and cannot be subject to a guarantee and is not refundable for the minimum holding period.

The January 4, 1996 offering memorandum imposed certain investment and policy restrictions that have imposed investment difficulties on the NSGF. The offering states, "The Fund will be restricted to making investments directed to the privatization of public services and may include

operation of food services in hospitals, laboratory services to health care facilities and other projects that will result in economic benefit to Nova Scotia."

Investors who subscribed for one or more notes could qualify for Canadian permanent resident status along with their spouses and dependents. The maximum offering was for \$35,000,000. The NSGF raised \$25,750,000 representing 103 investors, of which \$18,025,000 is required to be invested in qualified projects. The balance (\$7,725,000 net of subscription and operating costs) is required to be invested in liquid Canadian securities.

Federal legislation requires that the funds be invested within nine months from date of receipt and be invested for a five-year period. All investments were to have been made by March 1999. The first successful investment was made in July 1999. Qualified investments for the remainder did not materialize. As a result, the remaining funds were safely placed where they could be accessed should a qualified investment opportunity occur. Immigrants will receive a return of their investment with the fund (the investors all hold Province of Nova Scotia unsecured promissory notes).

Federal guidelines stipulate that the NSGF can lend only to companies with less than \$35,000,000 of assets and that the NSGF invest in at least two projects. In addition to adhering to federal legislation, investment opportunities are limited to alternative service delivery initiatives as set out in the prospectus for the initial offering.

The combined federal/provincial requirements for investment have made these funds exceptionally difficult to invest. As a result, the directors of the NSGF were not able to place the money in qualified investments within the required time frame. For the past 22 months, the directors of the fund and senior staff have devoted considerable time, money, and effort to trying to bring the fund into compliance. To date, and despite concentrated effort, only one investment has been made. As the NSGF was unable to place any of the money within the required time frame it is in breach of the federal guidelines. Over 20 projects were considered but for a variety of reasons did not meet all of the federal and provincial criteria for investment. This matter has been raised with the federal Minister for Citizenship and Immigration. The directors of the fund are confident that continuing dialogue between the two levels of government will lead to a satisfactory resolution.

Mission

To fund alternative service delivery initiatives for government.

Strategic Goals

Federal and provincial investment criteria have limited suitable investments.

In light of the above, the goals for the NSGF for the fiscal year 2000-01 are

Goal 1

To ensure that the funds of all investors are safely invested.

Goal 2

To direct the Nova Scotia Department of Finance to continue to invest any money not invested in a qualified project in liquid Canadian securities until such time as the investors' promissory notes become due.

Goal 3

To repay investors when their notes become due (i.e., starting March 2002).

Goal 4

To take advantage of investment opportunities should they arise.

Core Business Function

The core business function of the NSGF is to invest the funds raised through the offering memorandum in qualified investments as outlined by both Citizenship and Immigration and the offering memorandum.

Priorities 2000–01

The priority for the near term is to ensure that the funds belonging to the immigrant investors are safely and soundly invested.

Human Resources

The NSGF has no employees. Government of Nova Scotia employees are involved with the investment-related activities.

Budgeting Context

Expenses incurred by the NSGF are offset against interest earned by investments.

Crown Corporation Business Plans



Nova Scotia Harness Racing Incorporated

Mission

To conduct and manage Nova Scotia's involvement in the harness racing industry and to administer the Nova Scotia Harness Racing Fund (the "Fund"), a special fund as defined by s. 2(n) of the Provincial Finance Act, in accordance with the Nova Scotia Harness Racing Incorporated Regulations, through management and administrative support provided by the Nova Scotia Gaming Corporation.

Note:

The 2000-01 Business Plan for Nova Scotia Harness Racing Incorporated is included within the Business Plan of the Nova Scotia Gaming Corporation.

Crown Corporation Business Plans



Nova Scotia Housing Development Corporation *Business Plan 2000–01*

Contents

Mission	157
Strategic Goals	157
Core Business Functions	157
Performance in 1999–2000	158
Priorities for 2000–01	158
Human Resources	159
Financial Services	159
Communications	159
Information Technology	159
Budget	160
Outcomes and Outcome Measures	160

Mission

To support the Department of Housing and Municipal Affairs by holding social housing assets and arranging financing to obtain social housing assets. The corporation also provides loan guarantees to qualifying housing sponsors with a demonstrated need and an inability to secure favourable private-sector financing without such a guarantee.

Strategic Goals

Broadly stated, the goals of the corporation are to support departmental goals to promote and establish housing projects for low-income families, seniors, students, and other persons or groups that in the opinion of the department require assistance. The corporation does this by

Goal 1

Hold and finance provincially owned social housing assets.

Goal 2

Provide financing to the department for housing programs.

Goal 3

Guarantee loans to purchase or construct social housing assets that support the department's objectives.

Core Business Functions

The core business functions of the corporation are to

1. Hold title to the physical assets of the province's social housing portfolio.
2. Manage the federal funding for social housing pursuant to the Social Housing Agreement of December 1997.
3. Provide mortgage guarantees and/or loans to qualifying sponsors for housing projects that further the department's goals.
4. Manage the funded reserves associated with housing programs to protect the province from loss through its direct and/or contingent liabilities relating to its housing activities and to the Social Housing Agreement.
5. Generate interest income in excess of interest expense.

Performance in 1999–2000

This was the first full fiscal year in which the corporation was responsible for the accounting for rural and native housing assets, which were transferred to the province by the Social Housing Transfer Agreement in October 1997. This was a tremendous increase in responsibilities, which was met by department staff.

The Housing Development Corporation is effectively managing its borrowing by refinancing debt at lower rates. This has successfully resulted in an increase in interest revenue versus interest expense and indicates that the corporation is effectively managing its debt.

The Office of the Auditor General's 1998–99 Management Letter regarding the Housing Development Corporation was very positive. Audit recommendations support plans to consolidate the Housing Development Corporation and the Housing Development Fund in 1999–2000 and to strive for increased Public Sector Accounting Board (PSAB) compliance. To this end, a rationale and recommendation to consolidate the

Housing Development Fund and the Nova Scotia Housing Development Corporation is to be submitted to government during the 1999–2000 fiscal year.

Priorities for 2000–01

Priorities for 2000–01 include

- Consolidate the full costs of social housing programs and their administration into the financial statements of the corporation.
- Manage the financial requirements of the social housing programs for which the corporation was established.
- Develop management reports for internal use that meet the decision-making needs of senior management.
- Increase compliance with the PSAB recommendations for public-sector organizations.
- Monitor and evaluate the financing options available to the corporation in an effort to improve the net income before administration fee earned by the corporation.
- Promote a central financial management system that will serve the financial reporting and budgeting needs of

the Housing Development Corporation, the department and regional offices, and the housing authorities.

Human Resources

The corporation does not have any employees.

The corporation's business is administered by the staff of the Housing Services Division of the Department of Housing and Municipal Affairs and the Financial Services Group of the Department of Business and Consumer Services Corporate Service Unit.

The Minister of Housing and Municipal Affairs is the corporation's Chairman. The Deputy Minister of Housing and Municipal Affairs is the corporation's President.

Financial Services

Financial Services are provided to the corporation by the Financial Services Group within the Department of Business and Consumer Services Corporate Service Unit. The corporation is primarily an accounting entity, which the Financial Services Group supports by providing

professional financial services and advice.

Communications

The corporation issues annual audited financial statements, which are included in the Public Accounts of the Province of Nova Scotia.

Information Technology

The corporation is continuing to integrate the province's Corporate Financial Management System with the department's operating systems.

Budget

1998-99 Actual	1999-2000 Estimate	1999-2000 Forecast	2000-01 Estimate
\$1,309,033	\$600,000	\$1,900,000	Corporation Recovery

Outcomes and Outcome Measures

The success of the corporation is measured by its ability to meet the financial requirements for past and current provincial housing program initiatives.

Its success is also measured by its ability to generate the net interest revenue estimated at the beginning of the year. Many variables affect whether or not this revenue is achieved. Factors affecting the outcome include the provincial borrowing rate, the personal decision of clients to prepay housing loans, and the interest rates charged by the private sector.

The corporation's ability to manage the financial implications of the social housing transfer will be measured through improved financial disclosure and improved support for business decisions made by the department.

Crown Corporation Business Plans



Nova Scotia Liquor Commission

Business Plan 2000–01

Contents

Mission	163
Core Business Functions	163
Executive Summary	163
Strategic Goals and Strategies for 2000–01	169
Financial Forecast	176
Key Operating Plans	177
Human Resources Management Plan	177
Communications Plan	178
Long-range Information Resource Management Plan	181
Customer Service Plan	182
Performance Review for 1999–2000	184

Mission

The Nova Scotia Liquor Commission regulates the sale of liquor products under the authority of the Liquor Control Act.

The management and staff of the Nova Scotia Liquor Commission are dedicated to the principles of the mission statement.

- *To operate in a socially responsible manner*
- *To provide responsive and progressive consumer service with a variety of quality-controlled products in modern facilities*
- *To generate revenue as a retailer through efficient financial and operating practices*
- *To provide our employees with progressive management, equality of opportunity and career development*

Core Business Functions

Customer Service

- Distribute quality-controlled products and deliver services that are cost effective, value added, customer oriented, and market driven, through a network of strategically positioned retail stores.

Financial Responsibility

- Generate revenue for the Province of Nova Scotia as a retailer through efficient financial and properly controlled operating practices.

Social Responsibility

- Ensure that we control the use of beverage alcohol and serve our stakeholders in a socially responsible manner by implementing and participating in programs that portray responsible-use messages to the public.

Executive Summary

1999-2000 Fiscal Year Update

The NSLC, one of the largest retailers in Atlantic Canada, projects that it will deliver net income of \$135.9 million for the current fiscal year, an increase of \$4.4 million over the \$131.5 million budgeted for the

year. Both volume and sales dollars are projected to show an increase versus budget for the fiscal year. The excellent 1999–2000 fiscal year performance was, in large measure, the result of exceptional volume increases in key product categories. Positive response to the many customer-oriented in-store promotions and merchandising activities and a favourable economic environment combined to produce volume results that were the best in over a decade. Volume in the spirits category showed moderate growth, while wine and the developing cooler category continued their positive trends. The major influence on current year volume growth was sales increases in the large beer category. This product segment responded, as did other categories, to positive economic conditions and also benefited from the excellent weather conditions existing in Nova Scotia from the early spring to fall.

Sales dollar projections for 1999–2000 of \$371.0 million exceed by 5.49 per cent the \$351.7 million actually achieved in 1998–99. The NSLC has continued its conservative approach to price increases to benefit customers and assist in stemming the historical volume declines. Ongoing merchandising programs such as

short-term price reductions, monthly display features, and added-value offers that were implemented throughout the year provided customer value and contributed to the over-achievement of budgeted volume and sales targets. Other major NSLC projects and programs have been executed as planned for 1999–2000.

Profit targets will exceed budget due to increases in volume and sales versus budget, combined with continued cost containment.

	Actual 1998–99	Budget 1999–2000	Projection 1999–2000
Volume (Hectos)	695,292.4	709,311.5	723,552.8
Sales (,000s)	351,662.0	362,984.1	371,021.6
Net Income (,000s)	129,223.4	131,535.0	135,947.0

Business Environment 2000–01

The NSLC budget for the 2000–01 fiscal year is based on continued volume growth and the expectation that the positive economic outlook for the province will materialize. The NSLC will continue to focus the resources of the organization on activities that are designed to improve customer service, achieve volume targets, and improve revenues. Managing these issues is of utmost priority, as they are critical to maintaining both short- and long-term

NSLC revenue streams. Each 1 per cent change in volume impacts net income by approximately \$1.4 million.

The organization has been in a cost-containment and right-sizing mode for a number of years. These efforts have been very positive in allowing the organization to continue to meet profit targets and beneficial in offsetting cost increases in areas of the business that are affected by outside influences. Activities in these areas will continue, but the impact will be moderate as there are few significant short-term, cost-reduction opportunities without pursuing substantial structural change in the way the NSLC delivers its services. Labour contracts are subject to renegotiation and become effective with the start of the new fiscal year.

The market and operating environment dictates that the NSLC pursue a creative and proactive approach to its various programs while continuing the focus on cost containment to achieve the major objectives of the 2000-01 business plan and budget:

- commitment to customer service
- deliver a net income of \$141.0 million
- focus on sales volume achievement

- strong financial management
- minimize operating costs and increase effectiveness
- maintain net income operating ratios in excess of 36 per cent of sales

The NSLC budget for the fiscal year 2000-01 reflects volume increases with improvements in sales dollars, gross margin, and net income versus prior year projections:

	Projected 1999-2000	Budget 2000-01	% Change
Volume (Hectos)	723,552.8	729,903.8	0.88
Sales (.000s)	371,021.6	380,623.2	2.59
Gross Margin (.000s)	184,212.2	190,124.2	3.21
Net Income (.000s)	135,947.0	141,047.6	3.75

Volumes

The volume projections (in hectolitres) contained in the 2000-01 budget have been forecasted as follows for major NSLC categories: (Hectos)

	Projected 1999-2000	Budget 2000-01	% Change
Spirits	50,130.1	50,715.7	1.17
Wine	50,235.5	53,216.1	5.93
Beer	609,696.6	610,777.4	0.18
Coolers	13,490.6	15,194.6	12.63

The wine and cooler categories are showing positive growth trends, and it is expected that this will continue during the 2000-01 fiscal year with minimal growth projected

for other categories. Volume growth projections outlined for the 2000–01 fiscal year may appear to be moderate, but they are increases over the most successful volume period in more than 10 years for the NSLC. Positive economic trends, in-store customer merchandising activities, the impact of outstanding weather on sales in the large beer category, and the sales impact of the millennium year, all combined to positively affect the 1999–2000 base year on which the budget is based.

The NSLC will continue to execute marketing and merchandising programs that support category trends over both the short and longer term.

Sales Dollars

Sales dollars of \$380.6 million are budgeted to show an increase from the projected \$371.0 million in fiscal 1999–2000. Budgeted sales dollars reflect category mix projections and continued plans to use merchandising programs that support market and customer purchase trends in the various product sectors. Emphasis will continue to be placed on exploring increased volume potential in the wine and cooler segments while maintaining strong levels of support for the key beer and spirit categories.

Net Operating Income

Budgeted net income is projected to increase in the 2000–01 fiscal year. The budgeted increase of \$5.1 million will result in a net income of \$141.0 million versus a projection of \$135.9 million for the current fiscal year, continuing the trend of increased profit delivery versus the prior year.

Operating Expenses

Total net operating expenses of \$49.1 million show a minor increase of 1.7 per cent over the \$48.3 million projected for 1999–2000. There will continue to be upward pressure, although it is expected to be moderate, on costs associated with the operation of a retail store network. Management will continue to pursue any further opportunities for either short- or long-term cost reductions during the course of the budget year. The NSLC has made significant improvements in cost containment and efficiency over the past number of years while still investing in retail facility improvement and customer service programs. Further cost savings of significant magnitude will be increasingly difficult to achieve as the organization is very close to its right-sizing targets.

Capital spending is budgeted at \$2.3 million, a decrease versus the budget of \$2.5 million for 1999–2000. The bulk of capital spending at the NSLC is directed at maintenance and improvements in the store system, maintaining the asset value, and projects that lead to increased efficiency with relatively short payback periods such as store rightsizing at time of lease expiries, an objective of the NSLC long-range Physical Resource Plan.

The 2000–01 budget has again been developed with a conservative approach to NSLC-initiated price increases. Sales and gross margin performance will be closely monitored to make sure that the NSLC is not falling behind target. If sales projections prove to be too aggressive, pricing options along with expenditures will be reviewed to ensure that the budgeted net income is delivered. Normal ongoing pricing activity, i.e., manufacturers' price changes, exchange fluctuations, freight adjustments, etc., will continue to be implemented in the normal fashion. The NSLC will continue to utilize merchandising programs and work with suppliers to mitigate upward price pressures.

Opportunities/Strategies

The NSLC's focus is continuous improvement throughout the organization in order to meet the immediate needs of delivering the 2000–01 budget and pursue longer-term opportunities and strategies. There are a number of key areas that will be examined on an ongoing basis.

- **Sales activities** that reflect a retail staff focus on volume-building merchandising activities, recognize the needs of different segments of the customer base, and provide a product mix that best addresses the shopping profile, space utilization, and profit opportunities in each store location.
- **Store locations** and formats that address different customer service requirements and are consistent with the NSLC short- and long-term physical resource strategic plan.
- **Merchandising activities** that are consistent with a category management approach, generate excitement, are responsive to new trends, meet customer expectations, and are consistent with the organization's revenue-generation objectives.
- **Employee training modules** that are relevant, effective, and delivered on a timely basis; directed at organizational or individual needs; and focused on

enhancement or support of the key retail sales activities of the organization.

- **Technology improvements** that are driven by external and internal customer needs, support efficiency and profit objectives, or support more effective management analysis.
- **Organizational Structure** and employee composition that is team oriented, effective in a changing environment, and flexible enough to meet increased demands with the same or fewer resources.

Long-Term Projections (2000-01 to 2003-04)

Environment

The retailing and marketing environment for beverage alcohol products is not projected to undergo any significant changes during the period of this plan. The beverage alcohol industry is a mature one, with any gains from a total volume perspective being those of a moderate incremental nature versus significant changes in overall growth patterns. The wine and cooler sectors of the industry will continue to provide some growth opportunities, with increases in the large beer and spirits segments expected to be minimal.

Projection

This environment continues to point to stable overall trends in volume. Longer-term projections also continue to reflect moderate NSLC-initiated price increases in order to minimize volume erosion. Ongoing efforts to contain costs are also an integral part of these projections as are the continued implementation of in-store merchandising and promotion programs that provide value to our customers plus generate competitive activity for the many products available in the Nova Scotia marketplace.

The NSLC will continue to review progress against these assumptions and adjust its plans accordingly to take advantage of any customer service, volume or cost reduction opportunities that may arise. The four year projections outlined below are a reflection of the current and anticipated market environment and assume a similar NSLC structure during the life of the plan:

	2000-01	2001-02	2002-03	2003-04
Volume (Hectos)	729,903.8	736,486.7	743,154.6	748,615.4
Sales (\$)	380,623.2	387,128.6	394,783.9	401,831.7
Net Income (\$)	141,047.6	143,808.5	147,137.8	150,160.9

Strategic Goals and Strategies for 2000–01

NSLC's long-term strategy will be to focus on continuous improvement throughout the organization in order to meet short-term needs and also to pursue longer-term opportunities and strategies.

Sales/Volume/ Net Operating Income

Objective

To pursue opportunities to increase volume growth and dollar sales in a mature beverage alcohol market while improving absolute profit ratios and expense ratios from the base year.

Strategies

1. Capitalize on the existing growth needs and market development opportunities for wine.

Programs/Projects

Port of Wines Program: Continue to maximize customer service, revenue, and public relations' opportunities. The target market for the Port of Wines is being strategically redefined to include the larger general market wine consumer. The marketing mix elements of

product/services mix, price, promotion, and place are being fine-tuned to attract the larger general market wine consumer. The merchandising display activity in the Port of Wines satellite stores will be expanded and an advertising plan will be developed, as well as a consumer product knowledge course. Measurements for success include positive customer comments, increased volume in premium profit wines, and profit per litre in the wine category combined with positive public response.

2. Capitalize on the existing growth of the cocktail category.

Programs/Projects

Refreshment Wine Category: Maximize sales volume and gross profit opportunities in this new category by expanding the mix and executing impulse merchandising activity, while ensuring that visibility in our retail outlets lends itself to incremental purchases versus cannibalization of other categories. Shelf management planograms and space allocations will be defined and developed to accommodate this new category. Measurements for success include increased sales volume and gross profit in this category.

3. Provide high levels of promotional activity for beer and continue to develop the specialty beer segment in response to consumer interest.

Programs/Projects

Beers of World Program: Continue to maximize gross profit and customer satisfaction in the international beer category by expanding the mix, stimulating supplier promotional activity and ensuring that location, visibility, and access to the category within the retail store are highly merchandisable. Measurements for success include increased sales volume and profit in this category.

4. Keep NSLC-initiated price increases to less than 1 per cent per annum.

Programs/Projects:

Pricing Policy and Procedures: Review the NSLC pricing policy and procedures on a continuing basis to fine-tune opportunities for increased revenue and to ensure that the liquor industry is treated fairly, with consistent and impartial performance. It is important to ensure that NSLC pricing policies and procedures are conducive to providing customers with value-priced products while maintaining the level of profit required to operate the business effectively and efficiently. Measurements for success include an annual business plan review with major suppliers, in-store availability of value-priced alternatives, supplier price adjustments including increases and decreases and regular monitoring of pricing factors.

5. Develop programs that will move an increasing share of volume products positioned in the premium segment of their respective categories.

Programs/Projects

Merchandising Management Program: Continue to pursue opportunities to increase volume and revenue in a socially responsible manner by encouraging the sale of more profitable categories and brands, by supporting impulse-at cash-opportunities, by positioning beverage alcohol as a meal complement especially wine and liqueurs, and by positioning beverage alcohol as a gift item, such as Father's Day, Mother's Day, Christmas, etc. Measurements for success include increased and active participation of all suppliers in the various programs, increased profit, positive customer comments, and increased merchandising revenue.

6. Invest capital only in property or technology that increases revenue, reduces costs, or is mandatory to meeting business objectives.

Programs/Projects

Energy Management Program: Reduce energy consumption and standardize to new energy-efficient technologies. Measurements of success include reduced energy costs, reduction of kilo-watt-hours of energy, and meeting

target dates assigned at the beginning of the program/project and within budgeted amount. This is an ongoing process.

Product Management: Enhancements to our process will continue into next year with full roll-out of the automated and integrated product management system, thereby eliminating the requirement for repetitive data input and paperwork while providing timely information retrieval.

The overriding issues for enhancement of this process is the control of procedures and operations and the ability to serve the customer, by providing the employees of the NSLC with information that is accurate, timely, and to the point, but at the same time maintaining the functionality and flexibility that addresses the unique needs of the NSLC. Measurements for success include reduced lead-time to perform specific supply chain functions, elimination of redundant and non-valued-added activities, reduction in manual errors, and establishment of well-defined measures of performance.

Bar Code/UPC: Integration of shipping container codes (SCC) and pallet shipping container codes (SSCC-18) will be implemented in conjunction with the Product Management System discussed above. This is an industry-wide compli-

ance initiative that is national and international in scope. This phase is heavily geared to gaining efficiencies through the entire supply chain, including shipping, receiving, cross-docking, and other warehousing practices. Milestones will include changes to software programs, acquisition of scanning technology for the warehouse, and supplier partnering.

7. Pursue changes to process and functional structure on an opportunistic basis to increase efficiency.

Programs/Projects

Focused Retail Execution: Develop specific tasks related to improvements of end-user processes. Measurements for success include increased productivity at the retail level, reduction in lead times for completing identified user processes, and reduction in customer complaints.

Store Business Development Strategies: Continue to review each retail unit to ensure we are generating maximum productivity and are enhancing the store's retail and social contribution to its specific trading area. Measurements for success include expense reduction/containment, positive customer comments, increased public awareness of social responsibilities, and improved profits.

Distribution Information System: The program is designed to increase productivity and reduce administrative costs by

eliminating report duplication and redundant procedures through the integration of various divisional and corporate operating systems. Measurements for success include the amalgamation of various intra-departmental processes and procedures, implementation of a divisional database system, and decreased freight costs by utilizing a forecasting and rating module.

Alternative Retailing Strategies: Continue to develop alternative retailing strategies to provide an optimum level of service for beverage alcohol consumers in the Province of Nova Scotia. Measurements for success include increased positive customer comments, increased revenues, and improved public image.

Customer Service

Objective

To pursue opportunities and programs that will improve customer service and profitability while also enhancing the image of the NSLC as a top quality retailer.

Strategies

1. Provide a product mix and selection that is broad enough to meet the majority of customer needs at a reasonable cost.

Programs/Projects

Enhanced Store-Based Inventory Management: Improve just-in-time

deliveries, generating maximum service levels with improved turnover rates. Measurements for success include higher inventory turnover rates, increased service percentage, and stronger customer acceptance about product availability.

Category Management Program: Maximize average gross profit per product per category, maintain a competitive retail environment, optimize customer satisfaction in product selection, ensure equitable treatment of all suppliers, and honour all applicable trade agreements. Defined product mix/shelf sets will be developed for Class I, II, and III stores that will standardize the products in the category for each store type but will include the flexibility to add a defined number of other products to customize the product selection to the specific market. Measures for success include increased customer satisfaction in regards to product selection, revenue increase that is greater than increase in volume, listing approval that is consistent with predetermined guidelines, and a competitive marketplace.

2. Continue to provide a wide selection of promotional purchase opportunities and pursue innovative ways to encourage customer purchases.

Programs/Projects

Merchandising Management Program: Continue to pursue opportunities to increase volume and profit in a socially responsible manner by encouraging the sale of more profitable categories and brands, by supporting impulse-at cash-opportunities, by positioning beverage alcohol as a meal complement especially wine and liqueurs and by positioning beverage alcohol as a gift item, such as Father's Day, Mother's Day, Christmas, etc. Measurements for success include increased and active participation of all suppliers in the various programs, increased gross profit by way of premium profit brands, positive customer comments, and increased merchandising revenue.

3. Provide customer-friendly store locations that offer a mix of full-service and boutique-type operations where appropriate.

Programs/Projects

Physical Resource Plan: Determine the proper and appropriate location and size of our retail outlets, thus ensuring full utilization of space. Measurements for success include increased sales per square foot, disposal of surplus space, reduction of occupancy costs, and increased ratio of retail areas to warehouse areas. This is an ongoing program.

Strategic Site Location: Proactively perform retail organizational review to ensure increased customer service and satisfaction while increasing profits through proper and appropriate store location. Measurements for success include a standard set of criteria for store site selection, incremental profit, and improved expense-to-sales ratios at the new locations.

4. Improve communications to build positive awareness of the many services and programs offered by the NSLC.

Programs/Projects

Thematic Project: The NSLC will continue to implement thematic promotions to raise public awareness of the directions of the organization as a modern, efficient retailer of beverage alcohol positioned to exceed the needs of the new millennium consumer. Measures for success include the increased awareness of our customers and public of the progress of the organization.

Tall Ships Merchandising Program: Support the activities of the Tall Ships Festival in our stores by developing a merchandising Tall Ships display with the official beverage alcohol suppliers of the event, being a centre of communications for the public and our customers on the events of the festival, and selling the promotional Tall Ships Passport to

our customers. Measures for success include the increased awareness level of our customers of the event and the sales of the product on display.

Management and Staff Retail Skill Development: To implement, as part of the ongoing program, key retail management skills and staff customer skills to ensure store readiness geared to excellent merchandise availability, in-store displays, and customer service. Measurements for success include training program participation, more positive customer comments, implementation of merchandising activity, quality of retail outlet displays, and increased sales with improved expense ratios.

Website: Continue to enhance the NSLC website as a communication tool among the NSLC , its customers, and the public. Measurements for success include the number of visitors to the website and any website survey results.

Customer Connection: Develop a retail customer newsletter that will provide customers with detailed information on new products, general product category information, sales and promotional activities, etc. Initially the newsletter will be piloted in a few retail stores. Eventually it may be delivered to all our retail stores and/or delivered through our website. Measurements for success include the consumer's response to the vehicle.

Social Responsibility Programs: Execute ongoing social responsibility programs and develop new ones where appropriate in order to ensure that the NSLC operates in a socially responsible manner as a core business function. Continue to expand the Colourful Messages Campaign as a year-round program. Measures for success include increased public awareness of the responsible use of alcohol, continuation of present programs, and alliances with special interest groups.

5. Pursue new products or other programs that will enhance customer satisfaction.

Programs/Projects

Vendor Performance System: Vendors are a vital component of the NSLC's supply chain. This program will develop a structured approach to monitoring, evaluating, and reporting a vendor's performance in a number of strategic areas. The objective is to identify opportunities for improvement and to gain efficiencies and cost reductions. Measurements for success include a review of the criteria, communications with suppliers and their acceptance of the criteria, and supplier tracking documentation.

6. Develop and deliver effective and timely internal training programs that are retail sales focused and based on organiza-

tional needs with an emphasis on high potential candidates.

Programs/Projects

Customer Service Training Modules: Continue to focus on innovative approaches to improve customer service within the store environment. This is combined with a commitment to provide a clean, friendly upbeat environment to shop in. Measurements for success include the completion of modules, enhanced thematic in-store signing, continuous display activity, and positive customer comments.

Financial Forecast

(\$,000s)

Actual 1997-98	% to Sales	Actual 1998-99	% to Sales	Budget 1999-2000	% to Sales		Budget 2000-01	% to Sales
666,312		695,292		723,553		Volume (Hectos)	729,904	
331,868	100.0%	351,662	100.0%	371,022	100.0%	Sales	380,623	100.0%
167,563	50.5%	176,451	50.2%	186,809	50.4%	Cost of Sales	190,499	50.0%
164,305	49.5%	175,211	49.8%	184,212	49.6%	Gross Profit	190,124	50%
Expenditures								
30,969	9.3%	32,030	9.1%	33,170	8.9%	Store Operating Expense	33,767	8.9%
3,563	1.1%	3,774	1.1%	3,725	1.0%	Warehousing & Distribution	3,799	1.0%
5,121	1.5%	3,897	1.1%	3,443	0.9%	Depreciation Expense	3,468	0.9%
9,890	3.0%	10,461	3.0%	8,439	2.3%	Administrative Expense	8,591	2.3%
1,157	0.3%	514	0.1%	1,061	0.3%	Other Expense	1,085	0.3%
5,828	1.8%	5,483	1.6%	2,171	0.6%	Other Revenue	2,232	0.6%
1,005	0.3%	794	0.2%	598	0.2%	ERIP Expense	598	0.2%
45,877	13.8%	45,987	13.1%	48,265	13.0%	Total Expenditures	49,077	12.9
118,429	35.7%	129,223	36.7%	135,947	36.6%	Net Operating Income	141,047	37.1%

Key Operating Plans

Human Resource Management Plan

Objectives

- To obtain and retain quality employees, who are committed to the organization
- To recruit, promote, train, and provide a safe workplace for NSLC employees in a manner consistent with organizational needs.
- To provide a set of terms and conditions of employment for NSLC employees while maintaining the goals of the organization.

Recruitment

The Nova Scotia Liquor Commission will strive to recruit the best-qualified candidates for all positions and continue to ensure that our obligations under the Employment Equity program are met.

Promotions

The NSLC will strive to ensure that staff are promoted on the basis of skill/ability and will endeavour to promote the best-qualified candidates.

Training and Staff Development

In this period of reduced staff levels it is exceedingly important that all employees receive the necessary training to carry out the functions of their positions.

The NSLC will present the opportunities for staff to receive the necessary tools to carry out their job duties and to prepare them for advancement.

Occupational Health and Safety

The Nova Scotia Liquor Commission fully supports occupational health and safety initiatives and will continue to ensure that the workplace is safe and that the staff are trained to perform their jobs in a safe manner.

The Nova Scotia Liquor Commission will continue to support the Joint Occupational Health and Safety Committee and to provide the members with the necessary tools and training to fulfil their mandate.

The NSLC will continue to explore and implement programs, such as the Prevention/Early Intervention Project, that will aid employees in an orderly return to work following an absence.

Affirmative Action

On December 11, 1996 the Nova Scotia Liquor Commission entered into an Affirmative Action Agreement with the Nova Scotia Human Rights Commission formalizing an ongoing policy at the NSLC.

The organization is committed to developing, through a combination of recruitment, hiring, and training practices, a work force that reflects the composition of the general labour market population.

Negotiations

The NSLC will strive to successfully negotiate collective agreements that meet organizational goals by obtaining flexibility of operation while continuing to limit costs.

The NSLC will, through the negotiation process, provide a relevant set of terms and conditions for employees.

Communications Plan

Objectives

- To minimize communication problems.
- To maximize communication opportunities.

Strategies

- Proactively search for new communication opportunities.
- Fine-tune and continue to execute communication opportunities/vehicles/events with key audiences.
- Fine-tune and continue to execute media relations policies and procedures.
- Fine-tune and continue to execute an issues action program.

Programs/ Policies and Procedures

• Issues Action Program

All senior management are required to identify any issues or events in their area that might precipitate a media inquiry. The issue or event must be immediately documented and sent to the media spokesperson for review.

• Media Relations Policy and Procedure

- All media inquiries are sent to NSLC media spokesperson.
- NSLC operational issues are referred to NSLC management.

- Government policy issues are referred to the Minister Responsible for the Liquor Control Act, where appropriate.
- *Public Relations Program*
 - Target audiences/communication vehicles/events.

Communications Plan

Target Audiences	Key Messages	Formal Vehicles
<i>Retail Customers</i>	The NSLC will strive to provide responsive and progressive service with a variety of quality-controlled products in modern facilities.	<i>Consumer Guide</i> ; Christmas catalogue; newspaper; radio/TV; website (under development). Customer connection In-store signage.
<i>Licensee Customers</i>	The NSLC shall strive to provide responsive and progressive service with a variety of quality-controlled products in modern facilities.	<i>Licensee Line</i> ; monthly price lists.
<i>Public</i>	The NSLC shall strive to operate in a socially responsible manner.	Press releases; editorials. Annual report.
<i>Government</i>	The NSLC shall strive to generate revenue as a retailer through efficient financial and operating practices.	Annual financial business plan Annual report.
<i>Suppliers</i>	The NSLC shall treat the liquor industry fairly, with consistent and impartial performance in such areas as advertising, shelving policies, in-store merchandising, promotions, listings, and pricing.	<i>Open Line Newsletter</i> .
<i>Employees</i>	The NSLC shall strive to provide its employees with progressive management, equality of opportunity and career development.	<i>Spirited Informer</i> ; employee bulletins.
<i>Union</i>	The NSLC shall encourage open and fair relationships with all union and non-union employees.	Human Resources and Division Directors.

Long-Range Information Resource Management Plan

Summary

The Long-Range Information Resource Management Plan supports NSLC's long-range strategy to focus on continuous improvement throughout the organization in order to meet short-term needs and to pursue longer-term opportunities and strategies as a retail organization. Information systems (hardware and software) are supported by the Finance and Systems Division's Systems Department. Their role is to coordinate all of NSLC's technology requirements and needs. This ensures that there is efficiency, consistency, compatibility, reliability, and overall functionality not only throughout the NSLC but also with our stakeholders, customers, and partners. The strategies and objectives are reviewed annually to ensure that they are consistent with organizational goals and objectives. Keeping up to date on trends in the industry as well as what others in the retail business are doing ensures that the most cost-effective solutions are recommended and implemented. This includes other government departments as well.

Long-Range Goal:

To develop a fully integrated, efficient and reliable information system infrastructure for the NSLC: a true client/server environment.

Information System Objectives

Hardware:

- To ensure that the investment in hardware supports current and future organizational structures and functions that are required to meet overall goals and strategies.

Software:

- All software applications will be compatible to avoid or eliminate duplication of effort and duplicate sources of entry.

System Support:

- To ensure that system support staff are technically skilled to effectively provide support for computer assets, that appropriate and effective procedures are in place to safeguard information system assets, and also to ensure the continuity of essential business operations.

Training:

Objective: The NSLC will support computer literacy training and ensure that users and system staff are equipped with the appropriate tools and training to best support their functions and work effort.

Customer Service Plan

Long-Term Objectives	Short-Term Strategies	Programs
1. To maximize customer satisfaction in product mix (in selection, price and availability).	a) Develop and set listing and delisting standards based on customer needs and profit. (Selection) b) Develop and set service level standards and inventory turn standards for stores and warehouse. Develop strategies/plans to meet those goals. (Availability) c) Encourage competitive activity among suppliers in all categories relative to price and value to the consumer. (Price) d) Set sales and gross profit/category goals for Merchandising Services Division. Develop strategies/plans to meet those goals (Price) e) Set sales and gross profit/ store goals for Store Operations Division. (Price) f) Prioritize expenses in terms of customer needs and cost containment. (Price)	Category Management Program (Annual Review) Inventory Management Program (Annual Review) Category Management Program Merchandising Management Program (Annual Review) Sales Management Program (Annual Budget) Sales Management Program (Annual Budget) Financial Program (Annual Budget)

Long-Term Objectives

2. To provide a stimulating retail shopping environment in store.

3. To improve customer satisfaction in communicating product knowledge to customers and other service-related areas.

4. To maximize customer satisfaction in store location.

5. To maximize customer satisfaction in store hours.

6. To improve customer satisfaction in handling customer concerns for store staff and other customer service representatives.

Short-Term Strategies

2. a) Select and execute displays that will be visually stimulating and provide value to the consumer.

b) Design and create exciting and merchandisable retail shopping environment in stores.

3. a) Develop and execute personal selling techniques supported with product knowledge information for store staff and other customer service employees.

b) Develop and execute innovative retail services for customers.

4. a) Develop and set standards for distance between stores and profitability standards for stores.

5. a) Develop and set standards for store hours in relation to customer traffic, labor costs and sales/hours.

6. a) Develop and execute techniques in handling customer concerns for store staff and other customer service representatives.

Programs

Select-Merchandising Management Program
Execute-Merchandising Management Training Program

Store Design Program
(Annual Review)

Personal Selling Training Program
(Annual Review)

Customer Service Programs
(Annual Review)

Store Location Program
(Annual Review)

Store Hours Program
(Annual Review)

Handling Customer Concerns Training Program
(Annual Review)
(Consumer & Licensees)

Performance Review for 1999–2000

Programs/Projects

- *Develop alternative retailing strategies.*

New and innovative customer service delivery programs such as the Bottle Your Own Wine program, Drive Thru Service program, and NSLC retail outlet within a grocery store program have been expanded in recent years with favourable comments by customers/public and have contributed to increased financial results and improvement in internal performance measurements. These types of strategies will continue to be explored in the future.

- *The target market for the Port of Wines is being strategically redefined.*

The target market for the Port of Wines was strategically redefined in the marketing mix areas of product/services mix, price, promotion, and place and also to attract the larger general market wine consumer. This has been evident in the volume growth in this category over the last few years. Our Port of Wine Festival was again successful and exceeded previous years' results and target expectations. The Port of Wine satellite stores have been identified. The product mix has been set. The shelf

planograms are being developed. The Port of Wines signage is being set up in stores. The merchandising display activity in the Port of Wines satellite stores is being expanded. Our overall corporate image was enhanced, and this strategy will continue in the next fiscal year.

- *Review Pricing Policy and systems to fine-tune opportunities for increased revenue.*

All financial objectives have been met and pricing procedures have ensured that the liquor industry is treated fairly with consistent and impartial performance. Pricing policies were adjusted to ensure that customers were provided with (1) value-priced products and (2) better value on larger-size products, while maintaining a level of profit required to operate the business effectively and efficiently. This program continues for the 2000–01 fiscal year. There have been no NSLC-initiated price adjustments required. All supplier business and marketing plans were presented and reviewed during the fiscal year.

- *Ongoing merchandising management program*

Merchandising program activity has increased over the last year thereby providing additional revenue for government and a more exciting retail environment for the customer and supplier.

Impulse items at cash were expanded. This is an ongoing program.

- *Ongoing implementation of the Energy Management program.*

All stores identified in the plan have been completed on target. Savings that were identified were realized: kilowatt usage. Monitoring of the Energy Management Program is an ongoing program.

- *Product Management*

The requirement to obtain a software supplier to form a partnership to execute this program went to market this past year with the development of a request for proposal. The contract was awarded and a detailed GAP analysis was performed together with a project management plan and an implementation schedule. Implementation is now under way and will extend into next year.

- *Bar Code/UPC*

Phase 1 is now complete with the UPC program fully rolled out at store level with the new point-of-sale project. All suppliers must be in compliance with a national standards document, ensuring that all products received through the NSLC's distribution network have valid bar code and UPC labeling.

- *Improvements of end-user processes; focused retail execution.*

Improvements have been made in a number of retail tasks, in particular those relating directly with the customers: inventory and merchandising. Customers benefited from the right mix of products, quantities, and displays.

- *Retail activity review for maximum productivity and social contribution.*

Community-oriented programs/projects continued to improve corporate image in many areas of the province. Retail-store-related tasks were assessed to ensure that productivity was enhanced, and more time spent with the customer.

- *Eliminate report duplication and redundant procedures.*

The integration of various divisional and corporate operating systems has been completed, resulting in decreased freight costs through an accurate forecasting and rating module. These efforts will continue during the next fiscal year.

- *Improvements in Records Management.*

The focus for the 1998-99 fiscal period was to design a comprehensive and user-friendly central storage and retrieval system. This will be completed in 1998-99 and includes standardized systems with other government departments and a more streamlined system of record retention.

- *Enhanced store-based inventory management system.*

Customer service levels were increased during the year as evidenced by internal audit reviews. Product availability complaints have decreased from the previous year.

- *Ongoing category management program.*

Gross profit per litre objectives have been achieved, while maintaining a competitive retail environment in all categories. These efforts help to optimize customer satisfaction and are an ongoing program.

- *Ongoing Implementation of Physical Resource plan.*

All retail outlets identified for this fiscal year will be completed as planned. The right-sizing of our retail outlets has increased sales per square foot, allowed for the disposal of surplus space, reduction of occupancy costs, and increased ratio of retail area to warehouse areas. This program requires continuous evaluation to ensure that space utilization is optimized resulting in the right-sizing of facilities.

- *Strategic site location research*

The criteria for store site selection have been refined. The criteria are used to increase customer service and satisfaction while increasing profits. Improved

expenses-to-profit ratios have been achieved for those stores that were relocated as part of this strategy. Examples are Hollis Street, Bedford Mill Cove, and Amherst liquor boutiques.

- *To develop key retail management skills and staff customer skills.*

Training modules were revamped and new ones developed to meet the goals of this objective. Participation in the training modules doubled from previous years. The modules will be reviewed and updated on an annual basis.

- *To execute ongoing social responsibility programs and develop new ones.*

The NSLC continued to support ongoing programs such as Safe Graduation, Don't Drink and Drive, Blue Thunder, and various other local, provincial and national programs. One program was expanded from one location to all stores in the province: Plan Ahead: Get Home Safe. The participation has increased from the previous year, and the commitment by the schools, RCMP, and NSLC staff continues. Other liquor jurisdictions have been very interested in this community service program.

- *Enhanced Customer Service Training Modules.*

This module was completed during the year and participation by store staff has occurred. In-store displays are very evi-

dent in all store locations. Positive customer comments have increased over the last year, and this program will continue for 2000-01.

- *Year 2000 compliance plan*

External auditors reviewed our progress during their annual review. Our critical system (POS Retail Information System) was fully tested, and a live test ran at our fall Wine Fair with successful results. A recovery plan has been devised in the event of power outages/communication failure. A final information bulletin was issued to staff prior to December 31, 1999 to ensure that all system/applications had been properly backed up.

- *Ready-to-Drink Cocktails*

The volume for the first eight months of the fiscal year exceeded previous year results. This was attributable not only to general market growth, but also the number of products now carried in NSLC stores. Visibility has been improved, which also assisted in volume and sales growth.

- *Beers of the World Program*

Product mix and selection were expanded, and promotional activity in this program increased from the previous year by all suppliers. Display units increased the visibility for our customers. A "basket carrier" is being tested for launch in

the spring of 2000 to increase the ability of the consumer to mix and match single-serve beers in the six-pack carrier titled "Beers of the World." Volume and gross profit have increased from the previous year.

- *Implementation of Upgraded POS Technology*

Implementation was completed during the fiscal year, with further enhancements to come in the future. Scanning devices and integrated debit/credit were also installed as a major benefit to the system implementation. More detailed and analytical reports have been developed for enhanced management decision making, and major customer-segmented profitability and sales have also been reported. Further improvements and upgrades are expected for the next fiscal year.

- *Millennium Project*

Activity and preparation for this event commenced over a year ago, with a store deployment program distributed to all retail outlets. Merchandising material emphasized the year 2000 celebration and brought excitement for the new millennium. Additional sparkling wines and champagnes were purchased to accommodate the customer demand. Many of these products were presented at our Port of Wine Festival Grand Tasting and Wine Makers Dinner.

- *Merchandising Management Program*

The Food for Thought merchandising program has heightened awareness of wine as a complement to food. The suggestions in the colourful display unit have increased volume. The Impulse-at-Cash program has also been successful, offering customer's sample sizes of some of our products. Merchandising programs continue to attract suppliers and increase the visibility of products.

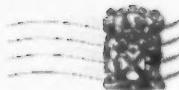
- *Website*

The NSLC website development and installation were completed as planned with the site now available to all interested parties.

- *Vendor Performance System*

A criterion for evaluation has been established for communication with our suppliers. The entire system will be completed in the next fiscal year.

Crown Corporation Business Plans



Nova Scotia Municipal Finance Corporation *Business Plan 2000–01*

Contents

Introduction	191
Mission	192
Strategic Goals	192
Core Business Functions	193
Performance in 1999–2000	194
Priorities for 2000–01	195
Human Resources	196
Communications	197
Information Technology	197
Budget	198
Outcomes and Measures	199

Introduction

The Nova Scotia Municipal Finance Corporation (MFC) was established by an act of the Legislature of the Province of Nova Scotia in 1979. The MFC concept is widely used in Canadian provinces and American states as a cost-effective, efficient means of raising long-term debenture funds to finance municipal capital projects. Studies have shown that smaller municipalities with lower credit ratings receive the greatest interest savings from MFC participation and that all municipalities can benefit from savings in the cost of administration on outstanding debenture issues.

The corporation's purpose is to provide low-cost financing to its clients, which include municipalities, municipal enterprises, school boards, and hospitals. All municipalities, municipal enterprises, and school boards must finance, and hospitals may finance, their external capital requirements through the corporation. Exceptions occur for capital projects funded directly by the Province of Nova Scotia (e.g., most school board capital projects), short-term financing, and certain projects for which funds may be borrowed from

other governments. Under current provincial policy, the corporation funds municipal and municipal enterprise capital projects and some school board projects.

The affairs of the corporation are managed by a Board of Directors appointed by the Governor-in-Council. Forty per cent are appointed on the recommendation of the Union of Nova Scotia Municipalities. The full-time staff of the corporation receives support and resources from the provincial Departments of Finance, Justice, and Housing and Municipal Affairs.

As of the 1998-99 fiscal year-end, the corporation had \$669,451,000 in debentures issued and \$663,797,000 in loans outstanding. Debentures and loans are directly administered by staff of the corporation, with assistance from the Nova Scotia Department of Finance. The corporation also administers sinking fund trusts valued at \$159,700,364 on behalf of municipal units for non-serial issues.

Mission

To utilize credit enhancement and debt-pooling techniques to meet clients' approved funding requirements at the lowest possible cost.

This is achieved through the issuance of debentures. The corporation pools municipal borrowing requirements, which eliminates the need for individual municipalities to negotiate and administer their own debenture issues. Under the MFC arrangement, the debt issuance functions remain in the public-sector domain.

The benefits (both in terms of interest rates and administration of issue expenses) of pooling individual municipal capital-borrowing requirements would be lost if each municipal unit were to access the market directly. If the province were to raise the funds and make loans directly to municipal units, the function would become provincial and not municipal. The formation of the MFC was initiated by the 1975 "Proposal for Municipal Reform" study sponsored by the Union of Nova Scotia Municipalities. Forty per cent of the

Board of Directors is appointed on the recommendation of the UNSM, a reflection of the desire to have strong municipal representation in the affairs of the corporation.

Strategic Goals

Goal 1

To work with clients, the province, and the investment community in providing capital financing to our clients at the lowest cost of funds available for their particular debt structure and timing needs.

Goal 2

To explore and develop new methods and products for meeting the needs of our clients through contact with the investment community, the public sector, and academic research.

Goal 3

To promote responsible and professional approaches to municipal capital-project planning and financing (jointly with the Department of Housing and Municipal Affairs).

Goal 4

To prudently manage all financial aspects of the corporation, including credit risk and asset/liability management.

Core Business Functions

Providing low-cost funds to clients.

- Provide financing for clients' approved funding requirements by pooling these requirements and issuing debentures. Separate issues can be arranged for single capital projects in amounts sufficient to permit a public issue, provided they do not preclude a pooled issue for other clients.
- Administer debt issues and loans to further reduce client borrowing expenses. This involves the collection and administration of loans from clients and the payment of interest and principal on debentures outstanding. Other administrative functions include the management of computerized loan and debenture systems, the issuance of income tax receipts to investors, budgeting, accounting, reporting, and office administration.
- Administer sinking fund trusts on behalf of clients. A number of the outstanding debenture issues are of the bullet type, with no principal payments until the end of the term. Sinking fund trusts exist for each of these debenture series, and these trusts are administered by the corporation. The administration includes security purchases, administra-

tion of investment income from securities held, analysis of the adequacy of current levels of installment payments to meet loan repayment requirements at maturity, fund valuation at year-end, and at maturity, reporting and accounting.

Explore improved methods and products in meeting client needs.

- Maintain communication links with the investment community, public-sector finance practitioners, and academics and carry out research as required to enable the corporation to respond to changing client needs.
- Prepare and review policy recommendations regarding the corporation's use of financial innovation techniques and instruments.
- Assist local governments in evaluating alternative methods of raising capital-project financing including partnerships with the private sector.

Encourage municipal governments to adopt and maintain a professional approach to capital project planning and finance.

- Educate municipal clients on the topic of capital finance through seminars and field visits.
- Work with the Department of Housing and Municipal Affairs in promoting an informed and responsible approach to capital planning and finance.

Prudent financial management

- To ensure that an acceptable process is in place for evaluating the credit worthiness of the loans made by the corporation.
- To ensure that the corporation's assets and liabilities (as well as those it manages in trust) are matched in both amount and duration).

Performance in 1999–2000

Providing low-cost funds to clients.

- Issued \$86,960,000 in debentures and on-loaned a similar amount to clients.
- Responded to client needs in a timely fashion by pricing issues within five to six weeks of formal municipal requests (with the exception of the fall 1999 issue, which was delayed due to the timing of the provincial budget).
- Administered \$2,500,000 in short-term financing pending issuance of a debenture.
- Administered \$669 million in outstanding debentures, which included the payment of debenture interest.

- Administered \$664 million in outstanding loans to municipalities, school boards, and hospitals.
- Invested and administered pooled sinking fund trusts valued at \$159 million.
- Compared favourably with other Canadian MFCs on the basis of administration costs per loan (\$0.25/\$1000 vs. \$0.38/\$1000 average), new issue placement (\$1.57/\$1000 vs. \$2.41/\$1000), and sinking fund administration costs.
- Undertook a review of the Sinking Fund investment policy.
- Prepared an annual assessment of markets, debentures, loans, and corporate activity.

Explore improved methods and products in meeting client needs.

- Established a MFC/interdepartmental/municipal committee to explore municipal interest and the practicalities of developing a pooled lease-financing program for Nova Scotian municipalities. Preliminary findings were presented to stakeholders.
- The corporation was represented in the Provincial/Municipal Roles and Responsibility review initiative established in 1999.
- The corporation was represented on a financial evaluation committee for a large municipal capital project.

- Meetings were held with the corporation's lead managers and other members of the investment community, staff of the Nova Scotia Department of Finance, and other municipal finance corporations to discuss trends and developments in municipal capital financing.
- Improved the NSMFC website.

Encourage municipalities to adopt and maintain a professional approach to capital project planning and finance.

- Conducted 12 field visits during the year.
- Worked with staff of the Department of Housing and Municipal Affairs and/or municipal staff in developing responses to municipal capital-financing proposals.
- Responded to the information needs of municipalities and the investment community.

Prudent financial management.

- Obtained verification of credit worthiness from the Department of Housing and Municipal Affairs prior to setting the parameters for pooled issues.
- Matched the amount, term, and timing of MFC debentures and loans to units.

Priorities for 2000-01

Goal 1

Providing low-cost funds to clients.

- Meet all approved requests for debenture funding by issuing up to \$100,000,000 in debentures and on-loaning a similar amount to municipal units and enterprises.
- Meet the capital funding needs of non-municipal borrowers when requested to do so by the Province of Nova Scotia.
- Meet all requests for short-term financing pending issuance of a debenture.
- Administer \$670 million in outstanding debentures, which includes the payment of debenture interest.
- Administer \$670 million in outstanding loans to municipalities, school boards, and hospitals.
- Invest and administer sinking fund trusts valued at \$150 million.
- Continue to compare favourably with other MFCs on the basis of administration costs per loan, new issue placement, and sinking fund administration costs-to-service ratios.
- Prepare an annual assessment of markets, debentures, loans, and corporate activity.

Goal 2

Explore improved methods and products in meeting client needs.

- Consult with municipal officials on capital-financing needs and the preferred features in the debentures issued through the MFC.
- Consult with clients on additional financial services that they may require.
- Establish committees to study the merits of financial innovation regarding the introduction of new products and services.
- Work with the corporation's lead managers and other members of the investment community, staff of the Nova Scotia Department of Finance, other municipal finance corporations, and others involved in municipal capital financing to identify evolving local government financial product needs and the optimum means of satisfying them.
- Maintain the NSMFC website.

Goal 3

Encourage municipalities to adopt and maintain a professional approach to capital-project planning and finance.

- Maintain good communication with existing and future clients.
- Collaborate with staff of the Department of Housing and Municipal Affairs in

developing responses to municipal capital-financing proposals.

- Respond to all inquiries on interest rate levels, projections, and funding options.

Goal 4

Prudent financial management.

- Obtain verification of credit worthiness from the Department of Housing and Municipal Affairs prior to setting the parameters for pooled issues.
- Match the amount, term, and timing of MFC debentures and loans to units.

Human Resources

In order to provide the level of staff resources required to meet all priorities of the Corporation, the following steps should be taken:

- Maintain the current emphasis on utilizing up-to-date information technology, which recognizes that improvements in technology are essential to the effectiveness of the operation.
- Maintain staff and resource support from the Departments of Finance, Housing and Municipal Affairs, and Justice in existing operational areas. This support has been excellent in the

past and continues to be required if all priorities are to be met.

Communications

The Corporation's key message is its function; i.e., to provide municipalities, municipal enterprises, and other categories of public borrowers selected by the province with approved funding at the lowest possible cost. The audience for this message is our client base and the investment community.

The corporation has addressed the year 2000 computer problem through cooperation with the two provincial departments that provide its information technology services. There are no outstanding issues.

Information Technology

Technology is used as an enabler of efficient and effective service delivery. Benefits to the corporation in debt and general administration are provided through direct connections to the LAN at the Department of Housing and Municipal Affairs and the debenture and loan administration program at the Department of Finance. It is essential that resources continue to be made available for upgrades in equipment and software as well as staff training.

Budget

The corporation's administration budget for the next three years is as follows:

	<i>Budget 1999-2000</i>		<i>Budget Request</i>		
		<i>2000-2001</i>	<i>2001-2002</i>	<i>2002-2003</i>	<i>2003-2004</i>
REVENUES					
210,054	Non-Government	245,323	262,695	267,807	272,889
210,054	TOTAL REVENUES	245,323	262,695	267,807	272,889
EXPENDITURES					
153,004	Salaries & Benefits	192,819	198,530	204,412	210,469
57,050	Operating Costs	52,505	64,165	63,395	62,420
210,054	TOTAL EXPENDITURES	243,323	262,695	267,807	272,889

Outcomes and Measures

**Strategic
Goal**

To provide funding for the approved financing requirements of our clients at regular intervals and at the lowest cost.

Outcome	Indicator	Measures
• Meeting approved client financing requirements	• Response to approved requests for financing	(1) Percentage of formal requests complied with through the debenture-issue immediately following the request (2) Average response time to formal requests, measured in weeks.

**Strategic
Goal**

To explore and develop new methods and products for meeting client needs.

Outcome	Indicator	Measure
• Awareness of new loan features that may benefit clients	• Amount of communication with clients, investment community, academics, and public sector counterparts	Percentage of potential borrowers contacted

**Strategic
Goal**

To encourage municipal governments to adopt and maintain a responsible approach to capital project planning and financing (in collaboration with DHMA)

Outcome	Indicator	Measure
• Optimum use of capital funds and improved community infrastructure	• Information on capital planning and finance	Percentage of borrowers with a capital budgeting, planning, and financing strategy

**Strategic
Goal**

To ensure prudent financial management.

Outcome	Indicator	Measure
• Matching of assets and liabilities.	• Information on MFC pooled debenture issues and loans to municipal clients.	Similarity of aggregate amounts, terms, and timing of debentures and loans.

Crown Corporation Business Plans



Nova Scotia Power Finance Corporation

Business Plan 2000–01

Contents

Introduction	203
Mission	203
Strategic Goals	203
Core Business Functions	204
Performance in 1999–2000	204
Priorities for 2000–01	204
Human Resources	204
Information Technology	205
Communication	205
Budget	205
Outcomes	205

Introduction

Under an Asset Transfer Agreement, dated August 10, 1992, NSPC transferred all of its existing assets, liabilities, and equity, except for long-term debt and related sinking funds, to the privatized company, Nova Scotia Power Inc. (NSPI), in exchange for matching notes receivable equivalent to outstanding long-term debt, matching notes payable equivalent to sinking fund assets, and an amount of fully paid common shares. The latter were sold in a secondary offering on August 12, 1992.

Subsequent to the reorganization and privatization, the business activities of NSPC continued under NSPI. Concurrently, the Nova Scotia Power Corporation changed its name to Nova Scotia Power Finance Corporation (NSPFC). NSPFC retained the long-term debt, which is guaranteed by the province, and the related sinking funds.

Mission

*To ensure that the debt of
Nova Scotia Power Corporation
(NSPC) is discharged in an
orderly and timely manner.*

Strategic Goals

Goal 1

To ensure that all NSPC debt, \$2,152,879,732, which is guaranteed by the province, is either repaid, offset by sinking funds, or defeased as per the agreed schedule to December 31, 1997.

Goal 2

After December 31, 1997, to monitor the adequacy of the defeasance portfolio and to ensure the repayment of all NSPC debt guaranteed by the province.

Core Business Functions

NSPFC is responsible for monitoring the debt defeasance and debt repayment by the NSPI of debt guaranteed by the Province of Nova Scotia. NSPFC holds notes payable by the NSPI in case of default of NSPC debt repayment.

Performance in 1999–2000

1. The Defeasance Agreement required the defeasance of a minimum of \$1,381,600,000 of outstanding NSPC debt by December 31, 1997. This minimum has already been met and surpassed, \$1,440,290,000, having been defeased by March 31, 1997.
2. The outstanding debt of \$1,549,853,900 was reduced to \$1,477,800,000 as at March 31, 1999; defeased assets as at March 31, 1999 are also \$1,477,800,000, thus rendering the guaranteed debt fully defeased.

Priorities for 2000–01

1. To ensure continuing progress towards elimination of NSPC debt guaranteed by the Province of Nova Scotia and defeased by NSPI.
2. To ensure that the defeasance assets are of such a quality that the defeasance program will succeed.

Human Resources

Nova Scotia Power Finance Corporation has no employees. NSPC executes necessary transactions to create and maintain the defeasance portfolio. The monitoring of NSPI debt defeasance is performed by a Board of Directors, appointed by the Government of Nova Scotia, with staff support from the Nova Scotia Department of Finance. The accounting firm of Deloitte & Touche certifies the defeasance assets arranged by NSP.

Information Technology

Information technology services are supplied by the Department of Finance.

Communication

NSPFC will make a public announcement when this report is tabled in the Nova Scotia Legislature.

Budget

NSPFC has no corporate expenditures. Under terms of the NSPC privatization, NSPI is responsible for expenses of the NSPFC.

Outcomes

- Privatization of NSPC.
- Reduced Province of Nova Scotia guaranteed debt.
- Minimizing credit risk so as to protect the Province of Nova Scotia interests.

Crown Corporation Business Plans



Nova Scotia Resources Limited

Business Plan 2000-01

Contents

Mission	209
Strategic Goals	209
Core Business Functions	209
Assets	210
Human Resources	210
Communications	211
Resource Tax Pools	212
Outcomes and Outcome Measures	212
Risk	212
Budget	214

Mission

To profitably manage its asset base in Nova Scotia's petroleum and energy industry by selective participation in ongoing projects and prudent investment in future development opportunities as they arise. This business is primarily conducted through Nova Scotia Resources (Ventures) Limited (NSR(V)L).

Strategic Goals

NSR(V)L's objective is to maximize the value of its assets in order to provide the shareholder with a full range of options. To achieve this, the company will:

Goal 1

Increase immediate net revenues through full share participation in the currently approved Sable Offshore Energy Project (SOEP).

Goal 2

Pursue further opportunities to increase longer-term net revenues through joint

venture participation in exploration and development projects in Significant Discovery Licenses (SDLs) in which the company has an interest surrounding the SOEP infrastructure.

Goal 3

Pursue opportunities to increase the value of existing land holdings while reducing at-risk capital to appropriate levels by farming out interests as appropriate.

Goal 4

Evaluate and participate in the exploration for and development of selected new oil and gas opportunities offshore and onshore Nova Scotia in areas where existing infrastructure could encourage prompt development.

Core Business Functions

The company's main business function is to manage the province's equity interests in offshore oil and gas development. It has operated continuously since 1981. In the early 1990s NSR(V)L participated in the development of the Cohasset and Panuke oil fields, resulting in the first offshore oil

production in Canada. This project became the springboard that allowed many Nova Scotian companies to compete successfully for work on Hibernia, Terra Nova, and the Sable Offshore Energy Project. It provided a strong core of competent, trained Nova Scotians who have paved the way for the ongoing development of the gas reserves near Sable Island. The project continues to make a very significant contribution to the economy of the province through direct employment of highly skilled Nova Scotians in high-paying jobs. Since December 1997, NSR(V)L has been funding its share of the Sable Offshore Energy Project, with gas sales scheduled to begin in late 1999.

Assets

The company's current assets include:

- A 50 per cent interest in the COPAN project, which is now depleted. Activity for 2000 will concentrate on abandonment of wells and project facilities.
- An 8.4 per cent interest in SOEP, including gas reserves in six fields, offshore processing facilities, sub-sea pipelines, onshore gas plant, and liquids fractionation plant. Production started in late 1999. Project facilities have the potential

to earn fees for NSR(V)L by processing gas from other fields after SOEP reserves begin to decline.

- An overriding royalty of 2 per cent of gross revenue, less transportation costs, on any hydrocarbons produced from deep horizons in the Panuke CDA, should current exploration efforts lead to development.
- Interests in 11 other potential oil and gas fields held under Significant Discovery Licenses (SDLs) issued by the Canada–Nova Scotia Offshore Petroleum Board (CNSOPB).
- A 100 per cent interest in Exploration License EL2355 for 55 500 hectares north of Sable Island (known as the Penobscot structure). This licence has been extended until July 1, 2000.
- A significant database of information relating to oil and gas exploration prospects off Nova Scotia, as well as a decade of experience with oil and gas development and operations in the Nova Scotia offshore area.

Human Resources

NSR(V)L operates with minimal staff managing daily activities and reporting to a Board of Directors appointed by the shareholder. All budgets and major expenditures are approved at board level.

Oil and gas technical expertise resides with the general manager and engineering manager supplemented by outside consultants as required to address specific technical, legal, audit, and tax matters. The company has hired a geophysicist on contract, working in Calgary, to assist with the evaluation of the resource potential of SDL lands in proximity to the SOEP development.

The Department of Finance is responsible for the management of the company's borrowing program and foreign exchange risk.

Communications

As of December 31, 1999 the COPAN project has reached the end of its economic life. Production and related operating expenses have terminated for NSR(V)L, although PanCanadian (PCP) may continue some production operations at their own risk and expense to help offset some of their ongoing exploration costs. Cumulative production for the project is 44.4 MMbbl.

After completion and testing of an exploration well drilled from the existing Panuke production platform in late 1998 in partnership with PCP, NSR(V)L determined

that continued exploration on the prospect did not meet the company's criteria for return on investment and exploration risk. Therefore, NSR(V)L farmed out its interest in the prospect to PCP who continues to explore on the block at their expense. In return, NSR(V)L will receive a royalty on future revenues should commercial quantities of hydrocarbons be discovered.

It will be necessary to abandon COPAN project wells and offshore structures in a manner satisfactory to regulatory authorities. NSR(V)L will pay its 50 per cent share of these costs when abandonment goes ahead. The work scope and timing for abandonment is being addressed by PCP and will depend on the results of their ongoing exploration program.

As of December 31, 1999, NSR(V)L has paid approximately \$168 million toward its share of SOEP. Production started late in 1999. NSR(V)L's share of production for 2000 will be approximately 36 MMcf/d of natural gas and 1600 bbl per day of NGLs. Expenditures of \$14 million are expected in 2000 to complete Tier I wells and facilities. Preliminary work in preparation for bringing Tier II fields into production will begin in 2000.

NSR(V)L will participate with Mobil, Shell, and Imperial in studies to assess the development potential of other SDLs in the vicinity of the SOEP facilities. It is anticipated that one appraisal well will be drilled in 2000.

Resource Tax Pools

Through expenditures made on exploration and production activities, NSR(V)L has accumulated approximately \$750 million in resource tax pools. These tax pools will be applied to reduce future taxable income generated from the SOEP and other projects.

Outcomes and Measures

NSR(V)L expects 2000 to show substantially improved financial performance. Revenues from SOEP will cover ongoing operating costs as well as the bulk of debt-servicing costs. Requirements for capital will be significantly reduced over 1999 as drilling on SOEP Tier I is completed. Some capital will be required to begin development work on SOEP Tier II fields

and to advance pre-development appraisal of SDLs. Abandonment of the COPAN wells and facilities will generate the largest capital requirement for the year. The company will work with PanCanadian to minimize the costs associated with this.

Risk

The company's financial performance is subject to five main elements of uncertainty. These elements can contribute to better than projected performance, or alternatively, can lead to weak results, depending on how key uncertainty factors fluctuate.

- **Geological.** As with any resource exploration venture, there is always a significant risk that exploration activities will not find sufficient resources to make production economic and recover costs. Once a discovery is made and developed, if the actual reservoir performance exceeds forecast predictions with respect to flow rates and reserves, this leads to higher revenues. Conversely, lower-than-predicted performance leads to lower revenues. The cash flow projections used in the analysis are at the 50 per cent probability level of the range-of-performance predictions.
- **Market.** If prices are higher than projected, revenues and rates of return

rise. Conversely, lower-than-expected prices lead to lower revenues and returns. Gas prices are expected to strengthen due to generally rising demand in the US, but it may take some time for markets to settle out as SOEP gas, an entirely new major source, works its way into the markets. SOEP production of propane and butane will likely exceed current market demand in the Maritimes, bringing a downside risk to pricing for these commodities.

- **Exchange rates.** Fluctuation of the Canadian dollar affects both revenues (since product sales are quoted in US dollars) and debt (since debt is denominated in US dollars). On balance, the debt impact is greater, given its size in relation to recent and projected revenues.
- **Interest rates.** Fluctuations of US interest rates could enhance or diminish the income position, depending on their direction. For example, rising rates would increase the debt-servicing costs and reduce income.

- **Facility Startup.** Revenues are dependent upon the successful startup of the SOEP facilities. As with any major grass roots development, it will take some time to achieve the expected levels of system reliability. Any unexpected problems encountered may have a negative impact on revenues.

Budget

Nova Scotia Resources Limited 2000–01 Budget

(Dollars in thousands)

Revenue

Gross gas and liquids production revenue—Sable Offshore Energy	\$41,618
Royalties	(416)
Net Revenue	41,202

Expenses

Production	
Sable Offshore Energy	7,391
Depletion	
Sable Offshore Energy	10,300
	17,691

Income from operations

NSRL general & administrative expenses	1,779
Financing charges—Sable Offshore Energy Project	11,800
Net Income from project	9,932

Other Expenditures

Cohasset-Panuke insurance	250
Legal—litigation	800
Financing charges relating to pre-Sable Offshore Energy Project	34,800
Net Income (Loss)	(25,918)

Capital Expenditures

Sable Offshore Energy Project Tier 1	14,006
Sable Offshore Energy Project Tier II	2,562
Cohasset/Panuke and other well abandonment	26,536
Future development appraisal activities	6,185
Land acquisition and other exploration	1,000
Total Capital	50,289

Key Assumptions

• Oil price	\$22.00 US WTI ¹ per barrel
• Gas price	\$2.40 US/MMBtu NYMEX ² price
• Propane price	\$WTI * 71 per cent
• Butane price	\$WTI * 86 per cent
• Condensate price	\$1.00 US premium to WTI per barrel
• Interest rate	6.0 per cent
• Exchange rate	\$CDN/\$US = 1.50
• Oil production	nil
• Gas production	36 million standard cubic feet per day ³
• Propane production	500 barrels per day ³
• Butane production	300 barrels per day ³
• Condensate production	800 barrels per day ³

Transportation costs vary with the product and the market location and are subtracted from commodity prices to obtain producer netback.

Notes:

1. WTI—West Texas Intermediate
2. NYMEX—New York Mercantile Exchange
3. Sales assuming 100 per cent facility availability. For purposes of budgeted revenues, sales are reduced by 5 per cent to allow for normal expected facility downtime during project startup.

Crown Corporation Business Plans



Rockingham Terminal Inc.

Business Plan 2000–01

Contents

Introduction .....	.219
Mandate .....	.219
Mission .....	.220
Strategic Goals .....	.220
Core Business Functions .....	.220
Priorities for 2000–01 .....	.220
Budgeting Context .....	.221
Outcomes and Outcome Measures .....	.221
Communications .....	.221
Human Resources, Information Technology, and Financial Services .....	.221

Introduction

Rockingham Terminal Inc. (RTI) is a special-purpose Crown corporation established in December 1998 by Order in Council. RTI was created to advance the development of a new container terminal in Halifax to accommodate post-Panamax size ships.

RTI was established to promote, manage, and protect the interests of the Province of Nova Scotia within the context of the competitive bidding process commenced by Maersk Inc. and Sea-Land Services Inc., an alliance of two of the world's largest container carriers. In May 1998 Maersk and Sea-Land issued a Request for Proposals to seven northeast North American ports to provide the alliance with a facility capable of handling their post-Panamax ships.

In December 1998 Halifax, the only Canadian port in the competition, was short-listed along with Baltimore and New York/New Jersey. The deadline for the competition is open-ended and will be determined by Maersk and Sea-Land.

In order to facilitate the development of a proposal, the Province of Nova Scotia, the Halifax Port Corporation (now the Halifax

Port Authority), and the Halifax Regional Municipality joined forces as the Halifax Port Group. Following the short listing of the bid, the Province of Nova Scotia created RTI to act on its behalf during the bidding process. The province, through RTI, was the lead partner in all matters associated with the bidding process, facility development, and financing.

In May 1999 Maersk/Sea-Land announced they would pursue development of a facility elsewhere. RTI therefore wound up operations and has been dormant since the end of the 1999–2000 fiscal year. It is presently unfunded and inactive pending a decision on the provincial role in any future port development.

Mandate

RTI is established under the Provincial Finance Act. Its mandate is to advance the development of a new container terminal in Halifax to accommodate post-Panamax ships.

Mission

To grow the capacity and strategic value of the Port of Halifax in the post-Panamax era.

Strategic Goals

Goal 1

Maximize benefit to the Province of Nova Scotia from the container terminal competition.

Goal 2

Ensure that development occurs in a responsible manner.

Goal 3

Anticipate and address issues relating to the successful development of the facility.

Goal 4

Ensure that provincial investment results in a positive return for Nova Scotia.

Core Business Functions

- Financial and strategic management of any agreement to develop a post-Panamax facility in the Port of Halifax.
- Facility design and development.
- Development of alliances among partners, stakeholders, and other entities involved in the development of the facility.
- Research and intelligence-gathering on all aspects of the process, including the collection and analysis of data that could be used to enhance the competitive advantage of the Port of Halifax.
- Integrated marketing and communications, including the management of strategic alliances.

Priorities for 2000–01

The single priority for the near term is to preserve work completed in relation to the 1999–2000 Maersk/Sea-Land competition for possible use in any future development.

Budgeting Context

Under the Order in Council establishing RTI, the Minister of Finance can lend the Crown corporation up to \$1 million for the purpose of advancing the development of a new container terminal in Halifax to accommodate post-Panamax ships.

Outcomes and Outcome Measures

The following have been identified as key outcomes:

1. Commitment of stakeholders towards development of a new facility.
2. Market acceptance of financing mechanisms for constructing the facility.
3. Community acceptance and support for development of the facility.
4. A high degree of local participation in the development of the facility.

Communications

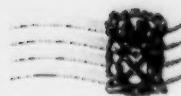
Key Messages—General Public

- The province has a strategic interest in ensuring that the Port of Halifax is developed.
- Growth and development of the port is ultimately in the best interests of all involved.
- A coordinated approach offers the highest probability of success.
- We can build upon the work completed for the Maersk/Sea-Land bid to develop a highly competitive port for the post-Panamax era.

Human Resources, Information Technology, and Financial Services

Financial services are provided through the Department of Finance. Other aspects are not applicable since the corporation is dormant.

Crown Corporation Business Plans



Sydney Environmental Resources Limited

Corporate Plan 2000–01

Contents

Introduction	225
Mission	225
Strategic Goals	226
Core Business Functions	226
Performance in 1999–2000	227
Priorities for 2000–01	228
Human Resources	229
Communication	229
Information Technology	230
Budget	231

Introduction

The company was incorporated under the Nova Scotia Companies Act on July 10, 1990. The Governor in Council, Province of Nova Scotia, on the report and recommendation of the federal Minister of Industry Trade and Technology and in accordance with the appropriate acts, approved the establishment of Sydney Environmental Resources Limited, formerly Sydney Tar Ponds Clean-Up Inc., on March 26, 1991. Sydney Environmental Resources Limited discharges obligations of the province to the Joint Action Group on Environmental Clean Up (JAG) with respect to maintenance and security of the Sydney Tar Ponds clean-up assets. Additionally, the corporation supports Nova Scotia in the capacity of government partner in the JAG process and lead agency with respect to a Memorandum of Understanding between JAG and the three levels of government.

Sydney Environmental Resources Limited is organized around three units:

- Finance and Administration
- Operations/Maintenance
- Communications.

Mission

To coordinate some areas of Nova Scotia's participation within the JAG process, as well, by virtue of a JAG directive, to maintain the physical assets of Sydney Tar Ponds Clean-Up, inclusive of identifying acceptable alternative uses for the twin fluidized boilers that are part of the physical plant and equipment under the corporation's charge; decommissioning workplace structures in the interests of health and safety; securing Nova Scotia's land holdings within the Muggab Creek Watershed; and interfacing with bargaining units of Local 1064, United Steelworkers, respecting labour-force adjustment issues specific to the steel plant site.

Strategic Goals

Sydney Environmental Resources Limited's strategic goals are:

Goal 1

To facilitate discharge of some areas of Nova Scotia's responsibilities respecting the JAG process.

Goal 2

To ensure that JAG's directive to Nova Scotia to maintain and secure present and future public investment in Sydney Tar Ponds is upheld.

Goal 3

To decommission workplace structures to ensure compliance with health and safety legislation.

Goal 4

To secure Nova Scotia land holdings within the Muggah Creek Watershed and property under Nova Scotia's control at Frederick Street, Sydney.

Goal 5

To ensure cooperative, productive labour relations with United Steelworkers Locals 1064 and 1064-02.

Goal 6

To facilitate labour-force transition with respect to steelworkers.

Goal 7

To maintain an effective working relationship with Sydney Steel Corporation.

Goal 8

To communicate with community stakeholders in a manner appropriate to increasing general awareness of the incineration technology and encouraging interaction and fostering collective decision making.

Goal 9

To assist JAG on issues respecting Muggah Creek Watershed site access.

Core Business Functions

Sydney Environmental Resources Limited's core business functions are:

- *In response to a JAG directive, maintain clean-up equipment and facilities, secure the site, and adhere to stipulations of the hazardous waste destruction permit: Core staff of 15 are currently maintaining the fluidized bed incinerators, electrical generation*

equipment, and bag house, as well as other essential equipment pending near-term decisions on utilization of incineration technology in the destruction of either or both non-hazardous and hazardous waste.

- *Decommission workplace structures:* To ensure compliance with health and safety legislation, specially trained and certified staff will continue to remove asbestos from workplace structures at the co-generation plant under the direction of the Nova Scotia Department of Labour and in keeping with approved techniques.
- *Secure Nova Scotia's land holdings within the Muggah Creek Watershed and at Frederick Street:* Core staff of eight continue to protect Nova Scotia's interests at the Coke Ovens site and Frederick Street.
- *To assist in facilitating discharge of Nova Scotia's responsibilities as a government partner in the JAG process:* Administrative staff in Sydney will continue to work closely with officials of the Nova Scotia Department of Transportation and Public Works in discharging Nova Scotia's obligations to JAG and in implementing the Memorandum of Understanding respecting JAG.
- *Maintain active involvement in labour-force transition respecting steelworkers:* The company will continue to work closely with Sydney Steel Corporation and United Steelworkers Locals 1064 and 1064-02 to facilitate labour-force adjustment and to optimize the engagement of steelworkers in Nova Scotia's delivery of services in the capacity of JAG partner.
- *Consider practical applications of existing incineration technology:* The company will actively pursue practical usage of existing incineration technology on a commercially self-sustaining basis and in conformity with environmental, health and safety, and fiscal policies of Nova Scotia.

Performance in 1999–2000

- Supported the Joint Action Group on Environmental Clean Up through the provision of support staff, information and documentation, meeting facilities, and Tar Ponds site tours.
- Elevated facilities' maintenance to ensure minimal deterioration. This action was taken in anticipation of incineration again becoming an option as part of a community effort to identify

an acceptable remedy for Canada's largest hazardous waste site.

- Supported the Department of Transportation and Public Works in the relocation of Frederick Street residents and security of properties.
- Successfully removed hazardous material, asbestos, from the work site as part of North America's largest such clean-up by volume.
- Expanded security services at the Coke Ovens site to include site safety.
- Enhanced communications with new print material and a WWW site.
- Strengthened relations with United Steelworkers and Sydney Steel Corporation respecting labour force transition; and
- Supported the Department of Transportation and Public Works in the capacity of lead agency in the implementation of the Memorandum of Understanding with JAG.

ensure efficient and cost effective recommissioning, if so directed.

- Protect Nova Scotia's interests with respect to security and safety at the Coke Ovens site and Frederick Street.
- Provide the Nova Scotia Department of Transportation and Public Works with necessary support in managing its involvement in the JAG process.
- Intensify decommissioning of workplace structures, largely through the removal of asbestos, to ensure compliance with health and safety legislation.
- Assess human resource needs and make adjustments in the interest of improved cost-effectiveness.
- Negotiate a fair and reasonable collective agreement with unionized personnel.
- Make provision for the inclusion of fluidized bed combustion technology in the technology demonstration program to be initiated as part of the JAG process.
- Attempt to secure cost sharing of facilities/equipment maintenance by illustrating to the national government that by virtue of a JAG directive this service is being provided by Nova Scotia, and the Government of Canada is a partner in JAG.
- Formalize arrangements with Sydney Steel Corporation respecting labour

Priorities for 2000–01

- Support Nova Scotia in discharging its obligations to JAG within the MOU respecting clean up of the Muggah Creek Watershed.
- Continue to maintain the assets, in particular the co-generation complex, to

force adjustment, develop a plan of action, and open discussions with the provincial government respecting implementation of the plan.

- Continue dialogue with United Steelworkers and United Mineworkers respecting possible use of the co-generation complex in clean-up of abandoned mine sites throughout Cape Breton County as part of the national government's planned rationalization of the Cape Breton Development Corporation.
- Foster open communication with community stakeholders concerning thermal destruction technology and its potential application in the destruction of hazardous waste.

Human Resources

It is anticipated that the core business functions of Sydney Environmental Resources Limited will be continue to be met by a complement of 18 unionized, experienced site personnel (5 are removing asbestos) and 1 site supervisor. A complement of 6 trained personnel will provide security at the Coke Ovens site at the request of JAG, of whom two are members of CUPE Local 1675. There are 2 personnel at Frederick Street Security.

Communication, administration, and record-keeping functions will be addressed by 2 non-unionized administrators. Therefore, the total staff complement is 29.

The position of general manager will not be filled as long as the corporation is in maintenance rather than operations mode, and the health safety and environmental function will continue part time. At present, and for the foreseeable future, day-to-day operations will be the responsibility of a three-person administration team.

Communication

Sydney Environmental Resources Limited earlier completed a formal communications plan. The primary objectives of Sydney Environmental Resources Limited's communications activities are to apprise community stakeholders of the nature and make-up of the Tar Ponds, Canada's largest hazardous waste site; to facilitate understanding of the history of the clean-up initiative; to broaden community knowledge of the risk to human health from the Tar Ponds; to draw attention to the economic opportunities inherently a part of the clean-up; to assist in making complex technical issues more under-

standable for the average stakeholder; and to optimize the general public's understanding of the use and potential of revolving fluidized bed combustion technology.

Information Technology

IT hardware and software are in conformity with guidelines and specifications developed by Nova Scotia. Sydney Environmental Resources Limited maintains a simple local area PC network with shared peripherals. Additionally, the corporation makes use of the Internet for e-mail purposes and maintains a WWW site. As well, the corporation has conventional faxing capabilities. The corporation is Y2K compliant.

On-site IT hardware and software and digital instrumentation systems conform to standards readied by the project manager, Acres Engineering Limited, in the design of the incineration plant on behalf of the shareholder and complied with by vendors.

Budget

<i>Expenditures</i>	<i>2000–01</i>	<i>1999–2000</i>	<i>1998–99</i>
	<i>Estimate</i>	<i>Forecast</i>	<i>Actual</i>
Total Budget	\$1,506,000	\$1,600,000	\$1,450,684

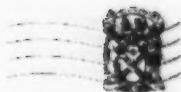
Crown Corporation Business Plans



Sydney Steel Corporation

On January 28, 2000 Ernst & Young Inc. was appointed as agent for the Province of Nova Scotia with respect to the management and divestiture of Sydney Steel Corporation and to solicit offers from parties interested in acquiring Sysco's business operations and/or assets. Consequently, Sysco has not prepared a business plan for the 2000 fiscal year.

Crown Corporation Business Plans



Tidal Power Corporation

Business Plan 2000–01

Mission

*To research and demonstrate
the generation of electrical energy
from the tide of the Bay of Fundy.*

Core Business Functions

- Research the technical and economic feasibility of tidal power development.
- Investigate the environmental impact of building and operating tidal power schemes.
- Construct a prototype demonstration tidal generating station at Annapolis Royal, Nova Scotia.

Strategic Goals

Goal 1

Provide an information base for the development of tidal energy.

Goal 2

Reduce the dependence of Nova Scotia and Eastern Canada on imported oil.

Goal 3

Encourage large scale project development in Nova Scotia to create jobs and improve our economy.

Performance in 1999–2000

Nominal activities. Future under review.

Options for the future of the Corporation were not presented to Cabinet as planned during 1999–2000.

Priorities for 2000–01

The future of the corporation is under consideration. It is anticipated that options will be presented to Cabinet in the next year.

Human Resources

Supplied through the Department of Natural Resources.

Communications

Following a decision by Cabinet on the future of the corporation, the public will be advised through a press release from the Department of Natural Resources.

Crown Corporation Business Plans



Trade Centre Limited

Business Plan 2000–01

Contents

Introduction .....	.239
Mission .....	.241
Core Business Functions .....	.241
Strategic Goals .....	.242
Performance in 1999–2000 .....	.243
Priorities for 2000–01 .....	.243
Human Resources .....	.244
Communications .....	.245
Information Technology .....	.247
Budget .....	.249

Introduction

Background

Trade Centre Limited (TCL) was created in November of 1981 by Order in Council as a Crown corporation and also incorporated under the Nova Scotia Companies Act. The Province of Nova Scotia is the beneficial owner of all shares of the company. The company reports to the Minister of Economic Development. The original mandate defined the primary purpose of the company as to oversee and administer the activities related to the Trade Centre complex. A secondary purpose is to actively promote the facility, Halifax, and Nova Scotia. In 1982, an agreement was signed between the City of Halifax and the Province of Nova Scotia that gave management of the Halifax Metro Centre to TCL, though the city was to continue to accept financial responsibility for any and all costs of operation in excess of revenues. The two facilities/properties are indivisibly linked in all aspects of physical plant and are interdependent in all operations, which is necessary to achieve maximum efficiencies in all areas of performance.

In the fall of 1994, Trade Centre Limited adopted a comprehensive strategic plan to chart a course and guide the direction of TCL for the next five years. A process for annual review is in place to ensure that the strategic plan remains vibrant and relevant in the extremely competitive business environments in which it operates and at the same time continues to act as an economic generator for the Province of Nova Scotia.

As a result of the strategic direction established, the organization was structured into four primary business units and supporting resource units with the recognition that maximum productivity and efficiency are achieved through interdependence.

In 1999–2000, another business unit was created, namely Events Halifax. Its mandate is to actively seek large sporting and cultural events for Halifax.

As well, in November 1999, Trade Centre Limited was directed by the Government of Nova Scotia to take over and manage the facilities at Exhibition Park. It is anticipated that this transfer of management will capitalize on TCL's expertise in sales and events management in both the meetings and conventions industry and the entertainment industry.

Trade Centre Limited is now embarking on another five-year plan that will incorporate these two new entities as an integral part of our operations.

Trade Centre Limited was created and the facility was constructed to complement, operate, and integrate with the existing Halifax Metro Centre (HMC). The combined complex was visualized as an economic generator and benefactor for both the City of Halifax and the Province of Nova Scotia in the convention, trade show, sports, and entertainment industries. The facility was financed by all three levels of government—federal, provincial and municipal—with an ongoing commitment by the latter two to fund operating deficits and capital improvements. However, with today's continued pressure on governments to achieve fiscal responsibility, TCL has adopted a mandate through strategic planning to eliminate its need for operating funds subsidies and also to reduce or eliminate, if possible, the need for the more extensive and continued capital improvements funding that is necessary and required to maintain and preserve its status as a world-class facility and destination.

Trade Centre Limited is a unique Crown corporation comprising six business units.

Of those, TCL operates two properties in a symbiotic relationship and a third separate property. Five of the units include a convention facility, office tower with five floors of leased space, a World Trade Centre, a multi-purpose sports/entertainment/trade show complex, and a multi-purpose agricultural complex. The sixth unit, Events Halifax, is dedicated to selling Halifax as a venue for major sports and cultural events.

TCL operates in highly competitive markets for conventions, conferences, meetings, and entertainment; these industries have seen declining attendance levels, an increase in the number of convention, entertainment facilities in all parts of the world, and the complete remodelling of older existing facilities to increased capacities.

TCL is unique as a Crown corporation in that it pays municipal property taxes—commercial and occupancy—and is subject to HST taxes on purchases and other applicable local, provincial and federal taxes.

It is also unique in that to achieve financial independence from government, yet still act as an economic generator/benefactor, its original mandate for construction, it must also compete in the industry markets that its construction was designed to benefit.

Mission

To maximize, for the people of Nova Scotia, the direct and indirect economic benefits from the operation of resources entrusted to our care. The delivery of our products and services will exceed customer expectations.

We will achieve this through the strength, innovation, and commitment of our people and deliver this through our business units.

Core Business Functions

Trade Centre Limited is the corporate entity that acts as the umbrella for six primary business units and provides the necessary support resource units for their operation. The interdependent and physically joined complex provides opportunities to achieve operational efficiencies and financial savings through this interdependence—most importantly acting as a catalyst for “one-stop shopping” for activity planners and

event promoters. The six business units/core business functions are:

1. The World Trade and Convention Centre

It provides the necessary facilities and services to attract meetings, conventions, and trade shows that will have a major impact on the economy of the province.

2. The World Trade Office Tower

The office tower provides Class A commercial office space to the government and private business sector that has a significant interest in and relationship to the type of business activity that is generated by the facilities.

3. The Atlantic Canada World Trade Centre

As a franchise member of the World Trade Centers Association, an organization of 310 world-wide trade centres, it provides trade-related services to Atlantic Canadian companies seeking to expand their operations in the global marketplace.

4. The Halifax Metro Centre

Recognized as the premier sports/entertainment and trade show complex in Atlantic Canada, it provides a venue that complements and enhances the capability to handle convention and trade show activities and is the largest

sports/entertainment complex in Atlantic Canada, acting as a main catalyst to draw national and international sports and entertainment activities to the Atlantic region.

5. Events Halifax

Events Halifax's mission is to position and sell Halifax as a national and international preferred city to host major sporting and cultural events.

6. Exhibition Park

Trade Centre Limited has recently accepted responsibility for this facility. It will be run as an integrated business unit of Trade Centre Limited, identified by its unique location and market audience.

Strategic Goals

A number of overall strategies for TCL were identified as necessary to achieve the visions identified in the mission statement for each of the business units. The current strategies are:

Goal 1

Structure our businesses to ensure accountability for all aspects of operations.

Goal 2

Ensure the viability of Trade Centre Limited through:

- elimination of annual operating deficits
- growth.

Goal 3

Effectively use partnerships and strategic alliances in the delivery of services and growth of Trade Centre Limited.

Goal 4

Ensure that the marketing and sales programs are aggressive and innovative in order to substantiate the growth expectations of all business units.

Goal 5

Optimize the use of technology and techniques to ensure our services are delivered in the most efficient and effective manner.

Goal 6

Ensure that our physical facilities meet or exceed prevailing customer expectations.

Goal 7

Maintain world-class facilities in Halifax as a world-class destination of choice with world-class levels of service.

Performance in 1999–2000

Event highlights included hosting 1,100 attendees for the Federation of Canadian Municipalities; 1000 attendees for the Operating Room Nurses of Canada; 800 attendees for the Fiddles of the World International Conference & Festival; 700 attendees for the US-based National Institute of Governmental Purchasing; 800 attendees for the Canadian Association of Fire Chiefs; an international conference on Sustainable Development that brought 500 attendees from all over the world; and the International Bridge Tunnel and Turnpike Convention.

For Halifax Metro Centre, event highlights included the 21st staging of the Nova Scotia International Tattoo, which attracted 60,000 visitors over seven shows; Stars on Ice, featuring the world's best international figure skaters; concerts by artists including Alanis Morissette, Amanda Marshall, and Great Big Sea; NCAA basketball; and record attendance for all of the Moosehead Junior A Hockey games.

Events Halifax marked its first year of operation and has put in place a 10-year plan

with both short-term event targets and longer-term goals that would see Halifax bid for and host the Commonwealth Games in the year 2010.

Priorities for 2000–01

The attached budget details the financial plan to achieve our goals of financial independence in the short term for operating fund subsidies and our ability to contribute to our financial needs for capital improvement funds in the long term.

These are ambitious goals at a time where there has been an unprecedented growth in the number of comparable facilities worldwide, providing for a very tough and competitive market in an industry that has also seen a simultaneous reduction in levels of attendance and service requests and resulting declining revenues.

Our continuous efforts to achieve revenue growth and devise new products and services, constant monitoring of those revenues, and effective cost controls have allowed us to accomplish what we have to date, and through an effective and ongoing strategic planning process we will

continue to contribute to our future success.

Tactics

- Increase revenue through increased activities that result from innovative thinking and discovery of new opportunities.
- Form partnerships and maintain a leadership role within the hospitality industry.
- Strive for the highest standards of service, constantly investigating new ways to improve actions, resulting in further establishment of the facility's reputation for excellence in products and services.
- Continue to focus on achieving an increasing level of an annual operating surplus to generate sufficient reserves to fund our own capital and renovation expenditure requirements.
- Increase economic impact for the economy of Nova Scotia through increased activity in the complex for the benefit of the people.
- Maintain the properties as top, competitive facilities by providing modern amenities and a safe, comfortable, and well-maintained environment in which conventions, meetings, and other event and entertainment activities can take place and tenants may operate their businesses.
- Increase trade opportunities for Nova Scotians by being a resource facility and providing a link to trade activities in the global marketplace and as a member of the World Trade Centers Association.
- Introduce and conduct innovative trade education programs.
- Maximize and maintain the level of customer satisfaction and awareness at all levels of the operation and maintain a well-trained, focused, and customer-oriented staff.
- Continue to be the premier facility in Atlantic Canada for conventions, meetings, trade shows, sports, and entertainment events, with continued recognition as a destination of world-class capabilities and a place where the world should be.

Human Resources

The human resources function plays a significant role in the operation of TCL and its diverse business units, which employ over 70 full-time employees and more than 250 part-time employees. Recognition of and support for strategic management of TCL's human resources have been a key factor in meeting the challenges of the diverse businesses we operate.

The operation of six diverse business units requires a variety of employees having a variety of skills associated with and unique to each industry. Extensive and intensive initiatives have been embarked upon to establish and develop personnel policies and practices in response to our unique needs, in line with our industry counterparts, employment legislation, and guidelines established by the Province of Nova Scotia affecting Crown corporations.

TCL recognizes the importance of this function and is committed to the importance of employee relations and human resource management in operations, strategic planning, and decision making in order to achieve its corporate objectives. It is recognized that the manner in which we deal with our employees will be reflected in the manner in which they interact with and serve our clients. Our employees are committed to delivering a superior product and superior service. We are proud of that product and service, and we are proud of our employees.

Initiatives are ongoing in the following areas:

- development of standard corporate employment policies and procedures
- training initiatives that support our strategic direction

- performance management system
- workplace health and safety
- employee relations policies and guidelines
- customer service strategy development
- compensation and benefits review—industry standards/government guidelines
- rewards development.

Communications

Trade Centre Limited has recognized that effective communications with all our stakeholders is integral to the ongoing public and internal support for the various initiatives the organization has embarked on. Support for the function at the strategic level has been critical to communicating the successes that have been achieved over the past five years and to building and retaining support for the challenges of the next five-year planning span. Major stakeholders include our employees, our industry partners, and our shareholders, the taxpayers of Nova Scotia.

An important priority for the Communications division is research. In addition to the ongoing economic impact studies that are conducted biennially, TCL

has undertaken a major economic impact analysis of the wider sports and cultural events sector for Events Halifax. Surveying is being conducted on a wide cross-section of events from swimming, baseball, and soccer to canoe racing, equestrian events, and festivals such as the Jazz Festival. Results will be available in late spring 2000 and will be used in the bidding process to help garner support for events for Halifax. We have also committed to developing a comprehensive customer satisfaction measurement and evaluation program that will target all the different levels of customers—from attendees at Halifax Metro Centre events to planners of major conventions.

A major initiative is the continued commitment to identifying and tracking the direct and indirect economic impact and benefits arising from the activities of the World Trade and Convention Centre and the Halifax Metro Centre. It is important not only to track these benefits but to communicate them to Nova Scotia taxpayers through the news media and as part of our Annual Report.

The Annual Report is our formal document for public distribution. It represents one of our vital tools in our efforts not only to tell the public what we do, but also to share

our successes and accomplishments with them from one year to the next.

As part of the goal of keeping our stakeholders informed, TCL publishes a bi-monthly newsletter, the *Ambassador*, which is circulated to the general public, our employees, our industry partners, and the news media. Our business units also publish a number of other newsletters targeted to specific groups and audiences, including the *Atlantic Canada World Trade Centre Trade Tips*, for members; an employee newsletter; Events Halifax's *A Step Up*, for the events community; and newsletters developed for targeted client needs in the sports community.

An ongoing commitment to strong community relations includes facility tours for students and community groups. Tours are custom-tailored for students from elementary school to post-secondary, particularly students in tourism and hospitality and event-planning programs. We have also developed successful community relationships with such groups as Mermaid Theatre of Nova Scotia, The Art Gallery of Nova Scotia, and the Senior Citizens Secretariat. We will actively pursue more of these relationships during the year.

An annual event in the form of the Ambassador Dinner is held to honour local individuals who have been essential to attracting their respective event, conference, or convention to our facility and city. These people are integral to TCL's success, and recognizing their efforts publicly is one of the ways to earn their continued support.

An ongoing commitment to advertising—local, regional and national—is required to ensure that we maintain a presence in various advertising media that focus on our business unit markets.

A renewed commitment to creating an effective website presence for all of our business units is a priority for the next year. Generating revenue where possible, increasing our visibility, and finding even more efficient ways to inform and do business with our various clients are major goals in the development of our websites.

Information Technology

Information technology has been recognized in our strategic planning process as a key factor that is necessary to achieve

our corporate goals and objectives and is crucial to our success in the industries of each of our business units. A separate strategic information technology plan was created that integrates with the corporate plan. Recognizing that we have six diverse business units and resource units with very different needs was a key factor in the development of this plan.

TCL participates in a very competitive environment in each of its business units and all have shown rapid advancement in and deployment of information technology to remain competitive. It is necessary that we remain competitive in those environments to ensure our continued success, the use of technology being a key factor.

TCL has adopted the client/server systems technology in its operations and those operating systems best suited for software applications that are industry specific, and the use of other common software applications that offer the best fit to our overall corporate technology goals. The industry-specific applications have given us the competitive edge and have been critical to our success in operational efficiency, productivity, and revenue growth. We have stabilized to one hardware platform that has contributed to reduced maintenance costs and that has

given us an uptime ratio that consistently exceeds 99 per cent. This level of uptime is crucial to our operation, and any deterioration would result in lost revenues that would have an exponential impact.

The overall strategy of TCL is to advance and increase the use of information technology in all areas of operation that can be identified as deriving a direct productivity benefit and/or cost-effective solution from its application.

The use of information technology has become such an integral part of TCL's operation that it would not be able to function without it in most aspects of its operation and the loss in other areas would severely hinder the operation as a whole and its ability to generate revenues.

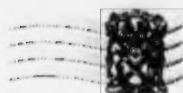
Budget

<i>For the years ended March 31</i>	<i>2001 Estimate</i>	<i>2000 Forecast</i>	<i>1999 Actual</i>	<i>1998 Actual</i>
Revenues	\$7,523,632	\$7,523,632	\$7,301,822	\$7,561,266
Expenses				
Event operations	\$2,566,560	\$2,566,560	\$2,495,452	\$2,570,928
Salaries and benefits	1,851,243	1,851,243	1,699,374	1,594,478
Operating, maintenance and administration costs	2,356,700	2,356,700	1,995,502	1,986,710
Taxes and insurance	874,129	874,129	832,504	839,913
	7,523,632	7,523,632	6,982,832	6,992,029
Income before other items	Nil	Nil	318,990	569,237
Other income				
Gain on disposal of assets	Nil	Nil	2,040	1,434
Interest income on short term investments	125,000	125,000	158,416	112,670
Pension contribution holiday	Nil	Nil	87,927	Nil
	125,000	125,000	248,383	114,104
Income before depreciation	125,000	125,000	567,373	683,341
Depreciation	1,100,000	1,100,000	1,468,381	1,418,004
Income (Loss) for the year	\$1975,000	\$1975,000	\$1901,008	\$1734,663

Note:

Revenues and expenditures of the Halifax Metro Centre are not reflected in this budget. The Halifax Metro Centre is owned by the Halifax Regional Municipality and operated by Trade Centre Limited under a management agreement. All operating deficits or surpluses accrue to the municipality, and all capital improvements are funded by the municipality.

Crown Corporation Business Plans



Waterfront Development Corporation Limited

Business Plan 2000–01

Contents

Introduction .....	.253
Vision .....	.255
Mission .....	.255
Strategic Goals/Core Business Functions .....	.256
Performance in 1999–2000 .....	.256
Priorities for 2000–01 .....	.257
Beyond 2000–01 .....	.259
Human Resources .....	.259
Information Technology .....	.259
Budget .....	.260

Introduction

The mandate of the Waterfront Development Corporation includes:

- Property acquisition, management and development within designated areas in Halifax and Dartmouth
- Marketing and promotion designed to attract public use of the waterfronts
- Coordination and planning of the waterfronts of Dartmouth and Halifax, including the stewardship of harbourfront assets owned by the province

Milestone Achievements

1976 to 1994

Since 1976 over 20 capital projects have been completed.

1. Streetscapes and underground services in Halifax and Dartmouth.
2. Extensive harbour walkways.
3. Block M parking
4. Nathan Green Square
5. Dartmouth Alderney Landing
6. Dartmouth walkway
7. Dartmouth parking
8. Dartmouth streetscapes
9. McKelvie's
10. Mother Tucker's
11. Maritime Museum of the Atlantic
12. Initial renovations Cable Wharf Centre
13. Cable Wharf parking
14. South Battery acquisition of lands
15. Dartmouth Admiralty Place residential development

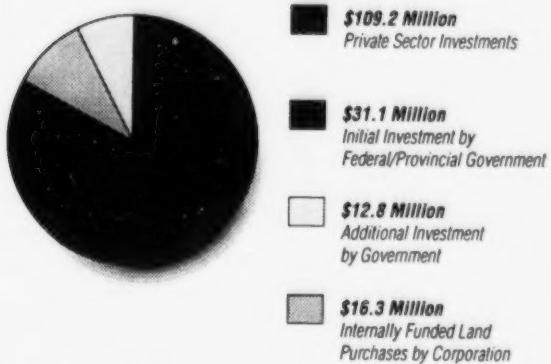
16. Sheraton Hotel
17. Summit Place office building
18. Halifax Sackville Landing
19. Sackville Wharf Interpretation Centre
20. Cable Wharf Tour Boat Centre
21. Murphy's Development – Cable Wharf

1994 to Present

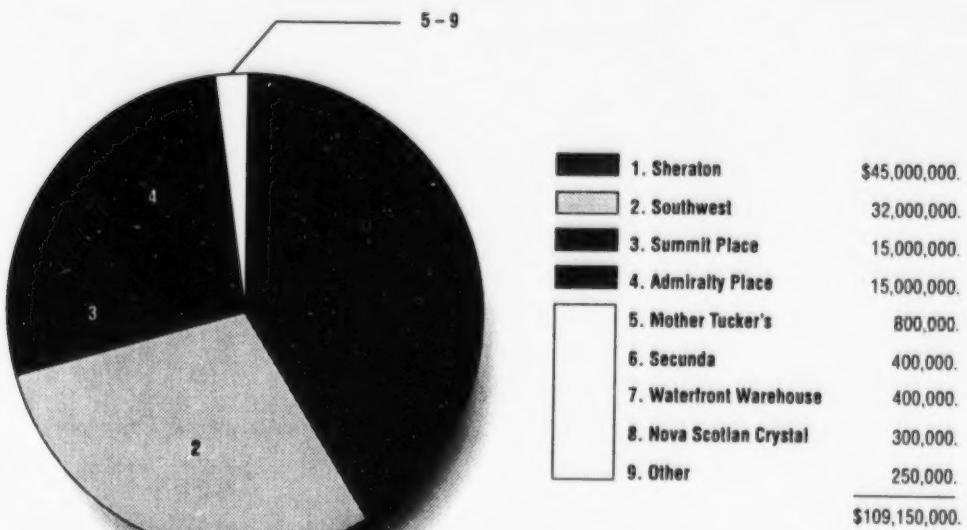
For the past five years WDCL has accelerated the pace of development, undertaking a proactive strategy that includes the following achievements:

22. Queen's Wharf Redevelopment
23. Queen's Wharf and Cable Wharf walkway
24. Chebucto Landing expansion of boardwalk
25. Walkway south of Salter Street to the Heliport
26. G-7 Parking Lot improvements— landscaping and lighting
27. Sheraton Casino
28. Dartmouth Parking Facility—Maplehurst
29. Waterfront Warehouse
30. Acquisition of Fisherman's Market and development of Nova Scotian Crystal
31. Bishops Landing residential/commercial complex
32. Heliport Redevelopment
33. South Battery Boardwalk
34. Acquisition of Marine Towers and former Manulife lands
35. Acquisition of Cunard property
36. Acquisition of Department of Fisheries and Oceans and RCMP garage
37. Demolition of former DFO and RCMP building
38. Queen's Landing parking/event space
39. NSPI and Cunard Wharf redevelopment
40. Expanded parking at Cunard Property
41. Boardwalk expansion at Historic Properties
42. Battery Park
43. South Battery parking and public plaza
44. Plan for Dartmouth Cove
45. Signage strategy for Alderney Landing Area

Investment History
1976 to Present



Direct Economic Impact
of Private-Sector Capital Investment



Other Economic Impacts

There is a significant amount of other private sector investment and spinoffs from the initiatives of WDCL. These have not been quantified but include such things as private investment in boats, ongoing renovations, and employment.

A multi-year plan for capital projects was developed through to the year 2000 and presented to Cabinet in 1996. This included over \$12 million of additional capital expenditures that was planned to be financed via WDCL internal sources based on an additional bank loan guarantee with a maximum of \$14.5 million (versus \$9 million previously). The balance of our business plan was to be funded through external sources including provincial grants, municipal government contributions, and federal government grants plus investment by the private sector in public/private arrangements.

Vision

The Waterfront Development Corporation Limited will be recognized as North America's leading agency for creating a vibrant, living, and working harbourfront.

Values

- guardian of the waterfront
- public accessibility
- adherence to highest standards of quality
- preservation of historic elements
- appropriate balance of commercial, residential, and public areas
- respect for the environment
- teamwork and cooperation among staff and volunteers
- consultation and communications with stakeholders

Mission

*To serve as guardians of
Greater Halifax Harbour and
to develop properties, coordinate,
plan, promote and act as the
provincial agent to assist other
Nova Scotian waterfronts.*

Strategic Goals/Core Business Functions

The strategic goals and core business functions of the WDCL include:

Goal 1

- Property acquisition, management, and development within designated areas in Halifax and Dartmouth.

Goal 2

- Marketing and promotion designed to attract public use of the waterfronts.

Goal 3

- Coordination and planning of the waterfronts of Dartmouth and Halifax, including the stewardship of harbourfront assets owned by the province.

- The South Battery Bishop's Landing development by Southwest Properties and public plaza area are under construction with scheduled completion in July 2001. This includes a residential/commercial complex, a public plaza/ parking, area and a public park.

- In October 1999, construction of the wharf and boardwalk area adjacent to the Nova Scotia Power Plant (Tall Ships Quay) to connect to a new wharf and boardwalk on the former Cunard property was completed. Both provide much-needed deep-water berthing for the Tall Ships 2000 visit next July. These two wharf areas link the Cruise Ship Terminal and Pier 21 on the south to the new Casino site, resulting in one of the finest and, we believe, the longest public wharf/boardwalk areas in North America, 4.6 kilometres.

- Two new tour boat opportunities, Peggy's Cove Express and Amphibious Harbour Hopper.

- Joint HRM/WDCL residential townhouse development by Victoria Park Developments between Maitland and King Street in Dartmouth will be under construction.

- Expanded vending opportunities.

- Call for Proposals to examine the feasibility of a Marine Centre on the Halifax waterfront.

Performance in 1999–2000

The following represent significant projects and programs undertaken and completed in 1999–2000.

Property Acquisition, Management, and Development

- Queens Landing parking and public plaza was developed for short-term use.

- Applied for Millennium Funds to enable the accomplishment of certain elements of the business plan.
- Addition to our Tour Boat Centre to include "Bluenose Shop," retailing Bluenose and Tall Ships merchandise.

Promotions

- A promotions and marketing plan.
- Continued participation and support to the Buskers, Natal Day, and other festivals.
- Coordination of special projects to encourage activity on the waterfront, such as:
 - Waterfront Winterfest
 - Christmas events and decorations
 - Canada Day Parade of Lights
 - Acadian Festival
 - International Tuna Cup
 - Crohn's & Colitis Heel n' Wheel-a-Thon
 - Heart & Stroke Foundation "Hearts in Motion" walking trail
 - Zuppa Circus—outdoor theatre

Coordination and Planning

- Member of Tall Ships Nova Scotia/Tall Ships 2000.
- A new plan for the Halifax waterfront in partnership with Halifax Regional Municipality (HRM).

- A new plan for downtown Dartmouth in partnership with HRM.
- A plan and development strategy for Dartmouth Cove.
- Continued partnerships with Downtown Halifax and Dartmouth business commissions, i.e., signage, promotions, events.
- Increased and improved washrooms on the Halifax waterfront.
- A strategy for safety, way-finding, and interpretative signs for the Halifax waterfront.
- Assessment of the economic impact of WDCL investments/projects.

Priorities for 2000–01

Property Acquisition, Management, and Development

- Call for proposals for development of land in Halifax and Dartmouth.
- Finalize Bishops Landing residential development and the public plaza and park.
- Implement the development plan for Dartmouth Cove and Canal and Maitland streets through calls for proposals or reinvestment and leasing of properties.

- Promote/advertise berthing opportunities in Halifax and Dartmouth.
- Implement strategic plan to redevelop lands on the Halifax waterfront.
- Complete feasibility study for a marine centre.
- Coordinate with HRM on waterfront park development at the footings of the Macdonald Bridge, Dartmouth side.
- Negotiate a land exchange solution for the surplus Coast Guard base in Dartmouth.
- Host the International Buskers 2000 festival.
- Host the 2000 Halifax Natal Day Celebrations.
- Negotiate with Boston for biannual tall ship race from Boston to Halifax.
- Continue to take leadership role on an initiative to promote the use of George's, McNabs and Lawlor's Islands.
- Communications plan to expand public relations coverage with media interviews, paid advertising, and direct mailouts.

Marketing and Promotions

- Signage initiative to set standards for both public and private sector for display signs, directional signs, and interpretation signs.
- A series of marketing and promotion events, including a festival to celebrate the continuous boardwalk from Pier 21/Cruise Pavilion to the Casino.
- Continued support to Tall Ships 2000 by both the Chair and the President of WDCL serving as directors on the Tall Ships Nova Scotia board.
- Partnering with the business community using seed funding from WDCL.
- Continue to expand the Visiting Ships Program and partner with the Maritime Museum of the Atlantic.

Coordination and Planning

- Continue to establish partnership/policy agreements with Halifax Regional Municipality in areas of maintenance and planning.
- Continue to establish partnerships with Downtown Halifax and Dartmouth business commissions.
- Provide a leadership role in initiating a harbour visioning process.

Beyond 2000-01

Property Acquisition, Management, and Development

- Call for proposals for development of waterfront land to implement revised Halifax Waterfront Plan.
- Continued examination of the need and market for a public marina.
- Evaluation of opportunities for a marine centre and other waterfront attractions in both Halifax and Dartmouth.
- Re-evaluation of the policy to "lease only" versus "sell and lease" waterfront land.

Marketing and Promotions

- Continued development of marketing and promotion program.
- Encouraging year-round use of open areas for festivals and public events.

Coordination and Planning

- Continued surveys on visitation, opinion, perceptions of the waterfronts by the regional population, local visitors, and tourists.
- Joint planning with HRM on the future of property associated with the Cogswell Interchange.
- Continued involvement in the harbour vision process.

Human Resources

The following initiatives are designed to maintain efficiency and ensure implementation of objectives and reduce cost.

- Continue to assess staffing and contracting needs to permit implementation of business plan.
- Continue to evaluate internal and external public safety measures.

Information Technology

WDCL will continue to assess its business needs relative to current computer technology and current investment. This will include the need to access geographic information systems. Continued improvement to the Internet website will be a priority.

Budget

Prospects for the future are good. Funds available for development are expected to average \$1.2 million annually over the next three years. Current and projected budgets for the years 2000 through 2003 are attached. Highlights include:

- \$3.4-million program over the next two years for capital improvements focused on providing a higher level of public facilities on both sides of the harbour.
- A major joint planning review with HRM is near completion. This plan will result in proposal calls for key sites that are now owned by the corporation and have the potential for commercial and residential development, including hotel, retail/commercial developments and residential expansion to complement the adjacent public harbour edge.
- An intensive review and negotiation with HRM to satisfy the business community and the public on parking needs into the long term and at the same time provide taxable development and an ability for on ongoing cash flow by the corporation to sustain the public mandate and non-revenue-generating public areas that have been developed by the corporation.
- As part of our land acquisition and development program in 1996, it was agreed that the Department of Economic Development would contribute, depending on budgetary considerations determined from year to year, a maximum of \$180,000.00 per year as a supplementary interest expense subsidy. This supplementary contribution has been foregone for each year since the agreement, and no call is being made on the department for the contribution for the period covered by this business plan.
- Discussion will continue with the government on the development of strategic provincial land in the mandated area in order to achieve debt reduction.

Waterfront Development Corporation Limited

	1998-99 Actual	1999-2000 Forecast	2000-01 Budget	2001-2002 Budget	2002-2003 Budget
Revenue					
Rent	955,360	1,032,611	996,822	940,826	1,009,247
Parking	1,482,818	1,769,453	1,559,443	1,604,666	1,651,246
Recoveries	3,430	3,516	3,604	3,694	3,786
Interest revenue	12,848	13,169	13,498	13,836	14,182
Other	31,680	25,000	25,000	25,000	25,000
	2,486,136	2,843,749	2,598,367	2,588,022	2,703,461
Property Expenses					
Operating	320,657	360,000	369,000	378,225	387,681
Taxes	35,046	55,000	56,375	57,784	59,229
Amortization & depreciation	307,931	300,000	300,000	300,000	300,000
Non-owned infrastructure	100,000				
	763,634	715,000	725,375	736,009	746,910
Income before other items	1,722,502	2,128,749	1,872,992	1,852,012	1,956,551
Corporate Expenses					
Directors	21,947	45,000	45,000	45,000	45,000
Office operation	49,179	50,408	51,669	52,960	54,284
Audit	9,000	10,000	10,250	10,506	10,769
Consultants	49,749	160,000	135,000	35,000	35,000
Legal	47,566	45,000	24,000	24,600	25,215
Public Relations	4,686	4,803	4,923	5,046	5,172
Promotions	18,390	25,000	25,000	25,000	25,000
Salaries & benefits	251,593	281,000	288,025	278,025	284,976
Staff expenses	66,252	64,000	65,600	67,240	68,921
	518,362	685,212	649,467	543,378	554,337
Loan Interest	715,072	748,000	770,000	671,000	698,500
Net earnings	489,068	695,537	453,525	637,634	703,714
plus: amortization & depreciation	307,931	300,000	300,000	300,000	300,000
Funds available for development	796,999	995,537	753,525	937,634	1,003,714
Development Project Exp.	8,612,320	1,042,202	1,426,000	1,513,000	1,560,000
Borrowing for Dev't. Projects	7,600,000	46,665	672,475	575,366	556,286
Other funds: Development projects					
Land sales	—	70,000	2,140,000	—	—
Project grants & recoveries	706,048	317,655	400,000	100,000	—
Nova Scotia gov't contribution	262,720	302,400	—	—	—
Total other funds: Dev't projects	968,768	690,055	2,540,000	100,000	—
Ending cash	(1,091,117)	(47,727)	19,798	44,433	(11,854)
Increase (decrease) in debt	7,600,000	400,000	(1,800,000)	500,000	500,000
Loan balance, end of year	13,600,000	14,000,000	12,200,000	12,700,000	13,100,000
Prime rate	—	6.50%	6.50%	6.50%	6.50%

Notes:

Value of future development sites is approximately \$22,000,000, at cost. Market value may differ, depending on the level of development decided upon.

WDCL's ability to repay its bank loan is dependent on realizing appropriate recoveries from future development.

